



**1212 Avenue M
Huntsville, Texas 77340
Administration: 936.291.5400
Finance: 936.291.5442
Fax: 936.291.5489
www.huntsvilletx.gov**

October 1, 2006

**Mayor and Council
City of Huntsville
1212 Avenue M
Huntsville, Texas 77340**

Honorable Mayor and Members of Council:

We are pleased to present the Official Annual Budget for the City of Huntsville for the fiscal year 2006-2007. This document contains spending plans and revenue estimates as adopted by the City Council on September 5, 2006. The total fiscal year 2006-2007 operating and capital budget excluding transfers is \$53,378,816. This budget is supported by a tax rate of 41.92 cents per one-hundred dollars of assessed valuation, a three percent decrease from the prior year tax rate. The City of Huntsville's utility rates remain the same as prior year rates.

Getting Back to the Basics in Huntsville

This year's budget continues our ongoing effort to bring the City of Huntsville's focus back to the basics of providing excellent essential services to our citizens. Over the years we have allowed these essential basic services to suffer as non-basic services grew. In an effort to provide adequate funding for our essential services, the fiscal year 06-07 budget contains the elimination of several non-basic divisions as a part of a structural reorganization that will streamline and strengthen the City of Huntsville's management team and allow our top priority to be placed on the provision of excellent, cost effective services.

Streamlining and Strengthening Our Organization

Several major organizational changes are included in the fiscal year 06-07 adopted budget that will allow the City of Huntsville to streamline and control costs, improve efficiencies, maximize customer service, and improve our delivery of essential services. The details of the reorganization, summarized by department, are outlined below.

Community Services Department

This newly created department combines two former departments: Parks & Recreation and Administration. The Community Services Department is made up of several existing divisions including Recreation, Parks Maintenance, Aquatic Center Operations, Library Services, Cultural Services, Main Street, and Arts Center Operations. The Urban Forestry division, previously a part of the Parks & Recreation Department, has been eliminated and the Building Maintenance division has been transferred to the Administrative Services Department. The Community Services Department is under the management of the Community Services Director. The current Parks & Recreation Director position has been eliminated and a new position, Parks Operations/Contract Administrator created in its place. The Recreation Superintendent and the Urban Forester positions have been eliminated. The Community Development Coordinator position has been moved from the Public Services division to close out existing grants.

Reorganization of the departments of Parks & Recreation and Administration is an important part of bringing the focus of the organization back to the basics. The Community Services Director has been tasked with the assessment of the entire department and its service delivery in accordance with the goals set forth in the City of Huntsville 2006 Strategic Plan. During the year she will work with the Parks Board and the City Council to audit and completely review the functions of the department and bring the indicated changes forward for appropriate action.

Public Utilities and Public Works Department

The former Public Services Department has been split into two separate departments: Public Utilities and Public Works. The Public Utilities Department is made up of the divisions in Water Services, Wastewater Services, and Solid Waste Services. The Public Services Operation Superintendent position has been eliminated and recreated as the Public Utilities Director. The Public Works Department is made up of the divisions in Planning and Development, Street Services, and the Service Center front desk staff. The City Engineer position has been recreated as Public Works Director/City Engineer. The reorganization of the Public Services Department also eliminated the Public Services Director position. The previous occupant of this position has been reassigned to the Office of the City Manager to focus on special projects. The Fleet & Warehouse Administration division and the Garage Operations division have been transferred to the Administrative Services Department. The Office of Community Development division, previously a part of the Public Services Department, has been eliminated and the Community Development Coordinator position moved to Community Services Department to close out existing grants.

Charter Offices

As part of the reorganization, the Office of the City Manager has undergone staffing changes. The Assistant to the City Manager position has been eliminated and the position of Special Projects Director has been added. The Special Projects Director will be charged with special assignments on behalf of the City Manager.

Administrative Services Department

As mentioned above, the Building Services division, Fleet & Warehouse Administration division, and Garage Operations division have been reassigned to the Administrative Services Department. Because these divisions perform internal service functions they are best managed by an internal services specialist.

Establishing Our Goals and Measuring Our Effectiveness

The City of Huntsville's leadership is intensely committed to our community and exercises great diligence in planning for the future of Huntsville. Through their strategic planning process, the City Council's vision for the long-term future of Huntsville is determined and the goals that will lead to the fulfillment of that vision are established. The City of Huntsville's process of planning and goal setting begins with the citizens. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the citizen survey, the City Council and senior staff engage in strategic planning sessions in order to plan for the future of Huntsville. The plans and goals that result from these sessions guide the entire organization not only in decisions pertaining to special projects and programs, but also in daily operations. Each department of the City seeks to fulfill the City Council's strategic plan and long-term vision for the future of our community through every service they perform. Each City department has outlined their major function and purpose and has aligned themselves with the Council goals over which they have especially significant and vital influence. In order to succeed in the fulfillment of these goals, department staff has identified intermediate operational objectives for the coming year. Department staff has also identified key measures to determine the effectiveness of their services in achieving their purposes, goals, and objectives. When coupled with prior year accomplishments, these objectives and measures help us mark our progress toward the achievement of the City Council's vision for the future of our City.

Our community is currently in the process of developing the Huntsville Horizon Plan, a comprehensive plan for the City of Huntsville. The comprehensive planning process allows citizens a forum to express their vision for the future of Huntsville. This plan will provide vital data and direction to City Council and staff for managing growth and help to bind together various previously conducted studies that will be incorporated as part of the Huntsville Horizons Comprehensive Plan. Once complete, the plan will play a significant role in the development of goals and will guide the Council's yearly strategic planning process. Additional information about our goals and measures of effectiveness can be found beginning on page 1-50 of this document.

Budget Highlights

The cost savings realized as a result of the organizational changes have allowed us to add and enhance programs and efforts that respond directly to the citizens of Huntsville's interest as expressed through the Citizen's Survey and the 2006 Strategic Plan. Highlights of program and project additions and enhancements included in the fiscal year 06-07 budget are detailed below.

Providing a Safe Community

In Huntsville's 2005 Citizen Survey, 75% of respondents indicated that providing additional funding for the services of the Police and Fire Departments is important. The fiscal year 06-07 budget includes funding for additional Public Safety personnel and equipment. An additional Police Lieutenant position is included in the budget as well as additional firefighter positions with possible grant funding. Two replacement patrol cars for the police department and a modular building to house volunteer firefighters and emergency workers at Fire Station 2 are also included in this year's budget. Additional information about the Public Safety Department can be found beginning on page 2-116 of this document.



Enhancing Our Quality of Life

In Huntsville's 2005 Citizen Survey, 65% of respondents indicated that providing additional funding for maintenance of our parks is important and 69% of respondents indicated that providing additional funding for recreation programs is important. The fiscal year 06-07 budget includes funding for additional Parks Maintenance personnel and maintenance equipment and additional funding for youth and recreation programs. Two additional Parks Crewman positions and parks maintenance equipment are included in this year's budget. A SandPro ball field dragging machine, a diesel riding mower, and a replacement truck for a maintenance crew are also included. An increased parks maintenance budget and an increased youth and recreation program budget is also a part of the fiscal year 06-07 budget. Additional information about the Community Services Department can be found beginning on page 2-93 of this document.



Providing High Quality Public Utilities

In Huntsville's 2005 Citizen Survey, over 60% of respondents indicated that providing additional funding for our public utilities is important. The fiscal year 06-07 budget includes funding for equipment and additional capital improvement projects to enhance and maintain the quality of our public utilities and infrastructure. A replacement boring machine for Water Services and a utility vehicle for Wastewater Services are included in this year's operating budget. Also included are two portable flow meters to assist Wastewater Services personnel in isolating and correcting inflow and infiltration problems in our wastewater collection system. \$2,660,600 in additional capital improvement projects are included in the fiscal year 06-07 capital budget and \$2,150,155 of these are water and wastewater public utility related projects. The table on the following page shows the budget and funding sources for each fiscal year 06-07 project addition. Additional information about the Public Utilities Department and its operating budget can be found beginning on page 2-48 of this document. Additional information about the capital improvements budget and detailed descriptions of each project can be found beginning on page 5-1 of this document.



**City of Huntsville
F7 06-07 Capital Budget Additions**

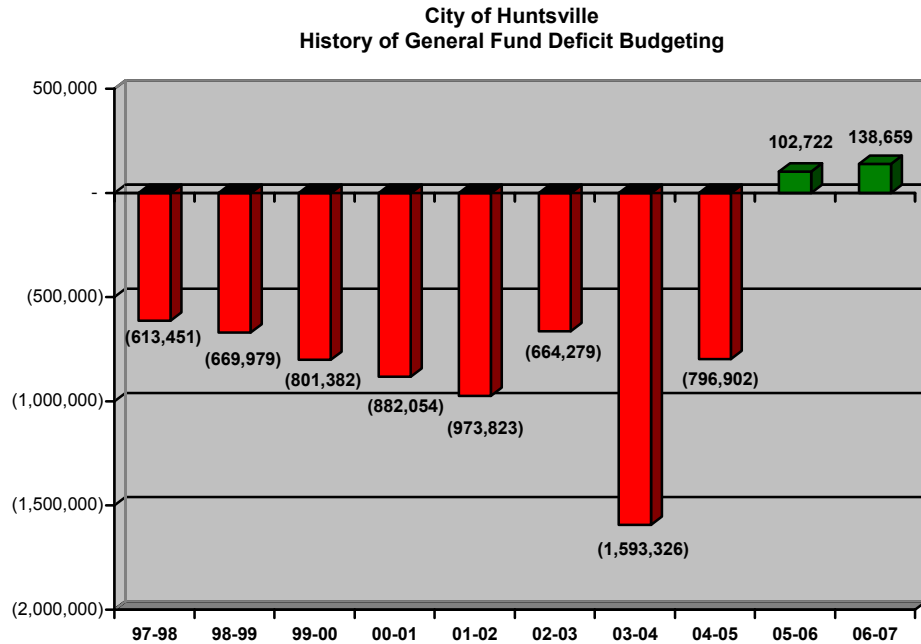
| | | | |
|---------------------------------------|---------|----------------------------------------------|--------------------|
| Kate Barr Ross Concrete Work | 14,000 | 11 th Street/MLK Avenue | 150,000 |
| Pineview Park Parking Lot | 10,000 | IH45/Elkins Lake | 300,000 |
| Fiber Loop Project- North | 128,445 | 16 th Street/Sycamore Sewer Rehab | 60,000 |
| Comprehensive Plan Implementation | 30,000 | Lift Station Generators | 365,000 |
| Service Center Yard Repaving | 70,000 | FM 247 Wastewater | 36,000 |
| Land Purchase Capital Fund | 13,000 | Graham Road/HWY 75 South | 70,000 |
| Sidewalk Capital Fund | 40,000 | Highway 30 East Wastewater | 44,000 |
| Repainting of 2 MG Hydropillar | 415,050 | Old Colony Road III | 200,000 |
| Repainting of 1 MG Ground Tank | 205,105 | 13 th Street Headwall | 60,000 |
| Water Plant Generator | 55,000 | 14 th Street Headwall | 45,000 |
| Moffitt Springs/IH45 North (Phase II) | 250,000 | Bearkat Drainage | 100,000 |
| | | Total | \$2,660,600 |

Maintaining a Qualified Workforce

It is important that the City has a high quality, dedicated, effective, and productive workforce focused on providing excellent services to the citizens of Huntsville. In the prior budget year a step and grade pay plan system was implemented in an effort to equalize compensation among positions that require comparable skills and responsibility. This step and grade pay plan replaced a market based plan that in previous years had been inadequately funded and only partially implemented. The fiscal year 06-07 budget contains continued funding for the newly implemented step and grade pay plan system as well as a 2% cost of living adjustment (COLA) to ensure the fair and adequate compensation of all city employees. Also included in this year's budget are multiple training opportunities for City employees designed to enhance their skills, knowledge, and overall ability to provide an exceptional level and quality of service to the citizens and customers of Huntsville. Additional information about the City of Huntsville's organizational structure and staffing can be found beginning on page 6-1 of this document.

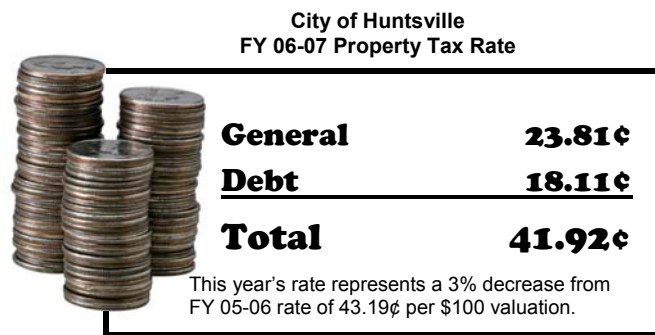
Eliminating Deficit Budgeting

In previous years, the City of Huntsville practiced deficit budgeting in the General Fund. Budgeting a deficit creates expectations that are unlikely to be met because it means that some programs and projects that are set forth in the budget cannot be performed because adequate funding does not exist. Because a municipality may not engage in deficit spending, Huntsville relied on employee turnover, conservative revenue forecasting, unspent appropriations, and delayed programs and projects in order to subsidize the growing General Fund budgeted deficit. In fiscal year 03-04, the deficit ballooned to almost \$1.6 million as a result of a tax rate reduction and budget additions including the golf course and increasing health insurance costs. In fiscal year 04-05, under the leadership of a new City Council and management team, the budgeted deficit was reduced to \$800,000. In fiscal year 05-06, with the start of the back to the basics initiative, the General Fund budgeted deficit was eliminated. Fiscal year 05-06 General Fund budget reflected a surplus of \$102,722. The fiscal year 06-07 adopted budget continues the back to the basics effort began last year. For the second consecutive year the General Fund maintains a positive revenue-to-expenditure relationship with a budgeted surplus of \$138,659. The graph on the following page shows the history of the General Fund budgeted deficit. Additional information about the General Fund budget can be found beginning on page 3-1 of this document.



Managing Our Resources

In Huntsville's 2005 Citizen Survey, respondents were asked to identify the most important issue facing our city. The highest ranking concern was property tax rates. The fiscal year 06-07 property tax rate is 3% lower than last year's rate. The City of Huntsville is committed to efficient delivery of quality essential basic services. The adopted budget illustrates to our citizens our commitment to manage their tax dollars more effectively while enhancing the quality of basic services we deliver. This budget provides funding for quality essential services as well as programs that fulfill City Council priorities for the enhancement of our excellence and the growth of our City while maintaining taxes at the effective rate. This year's adopted tax rate of 41.92 cents per one-hundred dollars of assessed valuation is the lowest tax rate the City Council has adopted in the past seven years and the second lowest tax rate that has been adopted in the past nine years. This marks the second consecutive year the City has been able to set the tax rate at the effective rate. The effective tax rate is the tax rate that provides the City with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property. Additional information about property taxes can be found beginning on page 1-23 of this document.



The City of Huntsville's utility rates for fiscal year 06-07 remain the same as last year rates. The fiscal year 06-07 total operating budget increased by 3.41% from last year's budget but experienced a lesser rate of increase than the Municipal Cost Index (MCI). The MCI, which is similar to the Consumer Price Index (CPI) but designed to show the effects of inflation specifically on the cost of providing municipal services, rose by over 4.9% this past year. Although inflation has outpaced the increase in the City's operating budget, the City of Huntsville continues to provide quality basic services at sustained or increasing levels year after year. Through a strengthened and streamlined organization; strategic, long range planning; and sound management of our resources; the City of Huntsville is providing improved basic service quality and quantity with fewer resources than in years past. The City Council and staff strive everyday to manage the City's revenue and rates in an effective manner and provide the Citizens of Huntsville with better service for less money.

**City of Huntsville
FY 06-07 Adopted Budget**

| | FY 05-06 | FY 06-07 | % Change |
|-----------------------------------|---------------------|---------------------|----------------|
| Total Operating Budget | \$42,110,828 | \$43,547,757 | 3.41% |
| Capital Projects Budget | \$12,947,473 | \$9,831,059 | -24.07% |
| Total 06-07 Adopted Budget | \$55,058,301 | \$53,378,816 | -3.05% |

The Municipal Cost Index has risen by over 4.9% this year.

*excludes all transfers

During the preparation of the fiscal year 06-07 budget, the City Council and staff faced several challenges in their effort to limit increases in operating expenses. The rising costs of gasoline, energy, and healthcare has a significant effect on the City's operating budget. Increases in revenue sources such as sales tax, utility service charges, and interest earnings have provided for these and other necessary expense increases and, along with savings from the reorganization, have allowed the City of Huntsville to incorporate new and enhanced services. Major changes in revenues and expenses are listed on the following page. Detailed information about revenues and expenses in each operating fund can be found beginning on page 3-1 of this document.

City of Huntsville FY 06-07
Selected Major Changes in Operating Revenues and Expenses

Revenues

Expenses

| | | | |
|--------------------------------------------|----------|---------------------------------------------------------|-----------|
| Property Tax Revenue | 155,256 | Salaries & Benefits for Additional Positions | 311,399 |
| Sales Tax Revenue | 224,000 | Salaries & Benefits for Deleted Positions | (241,630) |
| Mixed Drink Tax Revenue | 16,000 | Step/COLA/Other Payroll Provisions | 529,577 |
| Public Improvement Permits | (26,000) | Overtime | 9,193 |
| Municipal Court Fines | (23,900) | TMRS Contribution (Rate Increase*) | 23,993 |
| Juvenile Case Coordinator Fees | 26,000 | Unemployment Insurance (Rate Increase*) | 17,491 |
| Swimming Fees & Concessions | 30,000 | City Portion Employee Health Insurance (Rate Increase*) | 232,673 |
| Lease of City Property | 9,600 | City Portion Retiree Health Insurance (Rate Increase*) | 24,116 |
| Water Service Charges | 308,000 | Gas and Oil | 191,309 |
| Wastewater Service Charges | 117,395 | MLK Center Roof Repair | 26,760 |
| Solid Waste Service Charges | 99,914 | Maintenance of Structures | (28,342) |
| Right-of-Way Maintenance Charges | 113,203 | Annual Software Maintenance | 41,523 |
| Electric Utility Franchise Fee | 25,000 | Fireworks Contract | 10,000 |
| Telephone Utility Franchise Fee | (50,000) | Emergency Dispatch Center Contract | 34,054 |
| Hotel/Motel Tax Revenue | 48,000 | TRA Plant Operations | 93,136 |
| Sales- Cemetery Space | (8,000) | Electricity Service | 176,190 |
| Administrative Reimbursements | 339,637 | Aquatic Center Operations | 156,915 |
| Interest Earnings | 597,456 | Wynne Home Arts Center Operations | 47,700 |
| Grants/Reimbursements/Contributions | 646,229 | Insurance- Fleet | 21,933 |
| City Portion Health Insurance Payments | 293,159 | Youth and Recreation Programs | 26,461 |
| Employee/Retiree Health Insurance Payments | 37,504 | Right-of-Way Maintenance Charges | 113,203 |
| | | Administrative Reimbursements | 339,637 |
| | | Capital Equipment Purchases | 289,481 |

*Includes increases due to rate changes only and not other factors such as additional employees.

It is my privilege as your City Manager to present to you a budget that continues the back to the basics effort we began last year. This budget is driven by the vision, mission, and objectives of the City Council. The leadership, dedication, and direction that each of you has provided is greatly appreciated. The staff and employees of this organization continue to demonstrate outstanding service to our community and it is their commitment that makes this back to the basics effort possible. I must take this opportunity to express my appreciation to all who have worked so hard to prepare this budget.

Respectively Submitted,



Kevin P. Evans
City Manager
City of Huntsville, Texas



Reader's Guide

This budget document is intended to give the reader a comprehensive overview of funding for the City of Huntsville's day-to-day operations, capital improvement projects, and outstanding debt requirements. The document is organized into several sections to enhance its usability and allow the reader to easily locate information. An overview of the type of information found in each section is provided below.

Budget Overview Section

The Budget Overview section contains a general overview of the City of Huntsville's Annual Budget. In this section you will find a budget message that highlights the major objectives and priorities of the City Council during the preparation of the fiscal year 06-07 budget. The reader's guide is located here along with a description of the budget process, a budget calendar, and an operating funds budget summary chart. Also included in the Budget Overview section is an overview of revenues. The revenue overview describes the City's process for budgeting revenues as well as recent revenue trends and graphs for comparison to prior year amounts and other communities. An overview of the City of Huntsville's goals and measurements of effectiveness is also provided as part of the Budget Overview section.

Department Overview Section

The Department Overview section provides descriptions of the various departments and divisions of the City of Huntsville. Department objectives, accomplishments, workload measures, and effectiveness measures are included in this section along with personnel summaries and budget information.

Fund Overview Section

The Fund Overview section provides a comprehensive look at the operating budget for fiscal year 2006-07. It includes a descriptive overview of all budgeted funds and provides detailed budget information for all funds. This section is segmented by fund and includes fiscal year 04-05 actual, fiscal year 05-06 budget and estimated, and fiscal year 06-07 budget.

Debt Section

The Debt section provides a comprehensive overview of the City's debt. It includes a descriptive summary of City debt issues as well as the computation of the legal debt margin. Also included in this section are the annual debt service requirements by fund for all debt issues followed by individual debt payment schedules for each issue.

Capital Section

The Capital section includes an overview of all approved capital improvement projects and capital equipment purchases for fiscal year 06-07. Descriptions of each current capital project are listed in this section. The operating and project impacts and funding sources are also identified for each project. Capital equipment purchases and funding sources for the fiscal year 06-07 budget are also shown in this section.

Supplemental Information Section

The Supplemental Information section contains the Fiscal and Budgetary Policies along with the budget and tax rate ordinances for fiscal year 06-07. Also included in this section is an organizational overview which provides a 3 year history of budgeted positions, changes in staffing levels in the current budget, and current pay scales for budgeted positions. Additionally this section includes an organizational chart illustrating the organizational structure of the City. Statistical and information regarding the City is provided in the Supplemental Information section as well.

Budget Structure

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. Each fund can be generally thought of as a small business. The operations of each fund are maintained using a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures. City resources are budgeted to the individual funds, by account, and are controlled within the individual fund. The various funds are grouped into generic fund types.

General Governmental Funds

General Fund
General Debt Service Fund
General Capital Projects

Special Revenue Funds

Court Security Fund
Court Technology Fund
Street Fund
Airport Fund
Library Fund
Police Forfeiture Fund
School Resource Officers Fund
Public Safety Grants Fund
Arts Center Fund
Hotel/Motel Tax Funds

Enterprise Funds

Water Fund
Wastewater Fund
Solid Waste Fund
Cemetery Operations Fund

Internal Service Funds

Medical Insurance Fund
Capital Equipment Fund
Fire Equipment Fund
Computer Equipment Fund

Permanent Funds

Library Endowment Fund
Cemetery Endowment Fund

The Fiscal and Budgetary Policies, adopted as part of this budget, require that a budget be prepared for each of these funds.

Basis of Budgeting

Operating budgets are adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, with exceptions, including that depreciation is not included in the budget, capital purchases are budgeted in the year of purchase, unmatured interest on long-term debt is recognized when due, and debt principal is budgeted in the year it is to be paid.

Description of Funds

General Fund- The General Fund is the City's primary operating fund. The General Fund is used to account for all financial transactions of the general government except for those required to be accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales taxes, municipal court fines, and administrative cost reimbursements from other funds. Expenditures in the General Fund are for general government, public safety, public services, parks and recreation, and other community services.

General Debt Service Fund- The General Debt Service Fund accounts for the financial resources accumulated for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City.

Special Revenue Funds- Special Revenue Funds are used to account for revenues either legally obligated for a special purpose, conditions of a grant, or funds designated by Council to be used for a specific purpose. The use of special revenue funds allows for a clearer picture of dedicated or special purpose revenues. The Streets Special Revenue Fund is used to account for the costs of street maintenance and repair with revenue received from utility franchise fees and use of right-of-way fees. Any difference between budgeted expenditures and expected revenues is funded through a transfer from the General Fund. The Court Security and Court Technology Special Revenue Funds are used to account for the municipal court security and technology fees authorized by the Texas Code of Criminal Procedures. The Code authorizes a municipality to require a defendant convicted of a misdemeanor offense in the Municipal Court, to pay a \$3.00 security fee and up to a \$4.00 technology fee as a cost of court. The revenue from these fees can only be used for purposes outlined in Articles 102.017 and 102.0172 of the Texas Code of Criminal Procedure. The Airport Special Revenue Fund is used to account for the costs of airport maintenance and grants with revenue collected from the operator of the airport whose contract requires a fee be paid based on gallons of aviation fuel sold at the airport. Any difference between budgeted expenditures and expected revenues is funded through a transfer from the General Fund. The Library Special Revenue Fund is used to account for grants received for library related purposes. The Police Forfeiture Special Revenue Fund retains money for police participation in drug forfeitures to be used for law enforcement purposes. The School Resource Officer Special Revenue Fund is used to account for police security services provided by the Huntsville Police Department to Huntsville Independent School District (HISD) with revenues received through a grant and a contract with HISD. The Public Safety Grants Special Revenue Fund is used to account for grants received for public safety related purposes. The Arts Center Special Revenue Fund is used to account for the operation and programs of the Wynne Home Arts Center with revenue received from the arts portion of the Hotel/Motel tax and transfers from General Fund. The Hotel/Motel Tax Funds are used to account for the revenues generated from the 7% Hotel/Motel occupancy tax. The tax is allocated as follows: 3% for tourism; 3% for debt and operations of a Visitors Center; and 1% for arts (accounted for in the Arts Center Special Revenue Fund).

Water Fund- The Water Fund is an enterprise fund used to account for the cost of providing water service to the community. The primary source of revenue for the Water Fund is water service charges. Water operations consist of production, distribution, capital construction, and utility billing.

Wastewater Fund- The Wastewater Fund is an enterprise fund used to account for the cost of providing wastewater collection and treatment service to the community. The primary source of revenue for the Wastewater Fund is wastewater service charges. Wastewater operations consist of collection, treatment, and environmental services.

Solid Waste Fund- The Solid Waste Fund is an enterprise fund used to for the cost of providing solid waste collection and disposal service to the community. The City of Huntsville operates a transfer station facility and transfers solid waste to the Polk County Solid Waste Management Center for disposal. The primary source of revenue for the Solid Waste Fund is solid waste user fees. Solid Waste operations consist of collection, disposal, and recycling.

Cemetery Operations Fund- The Cemetery Operations Fund is an enterprise fund used to account for the operation of the Oakwood Cemetery with revenue from sale of cemetery space, transfers from General Fund, and transfers from the Cemetery Endowment Fund interest earnings.

Internal Service Funds- Internal Service Funds Internal service funds account for services furnished by a designated program to other programs within the City. The City of Huntsville uses Internal Service Funds (ISF) to accumulate funds for the replacement of equipment and to account for the cost of providing medical insurance coverage to City departments. The Medical Insurance Internal Service Fund is used to account for the City of Huntsville's self funded medical insurance program. Other operating funds pay into the fund for coverage for full-time employees. Dependent coverage is provided at a cost to the employee. The Medical Insurance Fund disperses claims and administration fees for health, dental, vision, and life insurance.

The Equipment Replacement Internal Service Funds provide fleet, capital equipment, and computer equipment replacements for the City of Huntsville. User divisions are charged an annual lease fee, based on the useful life and anticipated replacement cost for assets assigned to the division. The replacement funds then purchase replacement equipment as scheduled and/or as conditions warrant.

Permanent Funds- Permanent funds are used to report resources that are legally restricted to the extent that only interest earnings, not principal, may be used for purposes that support City programs. The City of Huntsville has two permanent funds, the Cemetery Endowment Fund and the Library Endowment Fund.

Budget Preparation Process

The City of Huntsville's budget process begins with the citizens of Huntsville. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the most recent citizen survey, the City Council and senior staff engaged in a strategic planning session in March of 2006 in order to plan for the future of Huntsville and to set strategic priorities for the fiscal year 06-07 annual budget. The goals and priorities that resulted from this session guided City staff in the preparation of their departmental budget requests. Each City department prepares a base budget request and a supplemental budget request for each of their divisions. The base budget presents a spending plan for operations at the current service level with updated costs. The City uses a modified, incremental approach to budgeting. The budget for the prior year serves as a starting point for budget estimates. A line item budget is prepared, and detail information supports the line item requests. Explanations of increases and decreases to individual line items are required. Requests for new or enhanced programs, additional personnel, new equipment, and proposed projects are presented as supplemental requests. Each department of the City prepares a budget that seeks to fulfill the City Council's strategic plan and long-term vision for the future of our community through every service they perform, both in daily operations and special projects and programs, but because of Huntsville's limited resources not every budget request can be funded. The City Manager reviews department budget requests and weighs them against available funding and other requests. The City Manager presents a proposed budget to the City Council that includes recommended supplemental requests for new or expanded programs, additional personnel, new equipment, and proposed projects. The City Council holds several budget sessions to review the proposed budget and supplemental requests. Council consideration is also given to requests presented by the public, Council members, and other Council appointed committees. Public hearings and final adoption of the annual budget occurs in September. The budget calendar for fiscal year 06-07 is provided on the following page:

City of Huntsville Budget Calendar

| | |
|----------------------------------------------------------------|----------------------------|
| City Council Strategic Planning Session | 03.03.06 – 03.04.06 |
| Staff Budget Kick-off and Training Session | 04.03.06 |
| Deadline for Departments to Submit Budget Request | 05.11.06 |
| City Manager and Department Head Budget Review Meetings | 05.30.06 – 05.31.06 |
| Proposed Budget provided to City Council | 06.27.06 |
| City Council Budget Work Session | 06.30.06 |
| City Council Budget Work Session | 07.14.06 |
| City Council Budget Work Session | 08.17.06 |
| Budget and Tax Rate Adoption | 09.05.06 |

Budget Control & Amendment

The City of Huntsville's Annual Budget is adopted by division within the individual funds. The Budget, as adopted by Council, is subject to change or amendment by formal action of the City Council. The City has a number of levels of detail in the operating budgets - the fund, the department, the division, the classification, and the line item. The below example shows the relationship between the different levels of budget detail:

Fund - General Fund
 Department - Public Safety
 Division - Police
 Classification – Salaries/Other Pay/Benefits
 Line Item - Salaries- Full Time

The level at which management, without prior Council approval, loses the ability to reapply budgeted resources from one use to another is known as the budgets' "legal level of control." The division level is the legal level of control for the City of Huntsville. The City Manager may, without prior City Council approval, authorize transfers between budget line items within a division and may authorize transfers of \$3,000 or less between divisions. The City Manager may authorize transfers of \$3,000 or less from the budgeted future appropriations account without prior City Council approval. Transfers between divisions and transfers from the future appropriations account are presented to Council on a quarterly basis. Adjustments between funds, or increased budget allocations greater than \$3,000 require Council approval.

During the fiscal year budgetary control is maintained through monthly review of budget statements. The responsibility for budgetary control lies with the Department Head. A department is a major administrative segment of the City which indicates overall management responsibility for an operation or a group of related operations within a functional area (e.g., Public Safety Department, Community Services Department). Divisions are the smallest organizational unit budgeted and are grouped together under departments to demonstrate a broader responsibility. For example, the Public Safety Department is comprised of Public Safety Administration Division, Police Division, Fire Division, and School Resource Officer Division. Department Heads may not approve expenditures that exceed monies available at the classification code level within their divisions without prior approval. Appropriations which have not been expended by departments at the end of the fiscal year lapse. Therefore funds that were budgeted but not used during the fiscal year are not available for use in the next fiscal year unless they are appropriated again by City Council.

The table on the following page shows the relationship between the City of Huntsville's funds and divisions and indicates the department responsible for budgetary control of each division:

City of Huntsville
Departments, Divisions, and Funds

| | General Fund | Water Fund | Wastewater Fund | Solid Waste Fund | Cemetery Operations | Street Special Revenue Fund | Other Special Revenue Funds |
|--------------------------------------|--------------|------------|-----------------|------------------|---------------------|-----------------------------|-----------------------------|
| Charter Offices | | | | | | | |
| City Council | ✓ | | | | | | |
| Office of City Manager | ✓ | | | | | | |
| Office of City Secretary | ✓ | | | | | | |
| Office of City Attorney | ✓ | | | | | | |
| Office of City Judge | ✓ | | | | | | |
| Administrative Services | | | | | | | |
| Human Resources | ✓ | | | | | | |
| Risk and Safety Management | ✓ | | | | | | |
| Office Services | ✓ | | | | | | |
| Purchasing | ✓ | | | | | | |
| Fleet Admin/Warehouse | ✓ | | | | | | |
| Garage Operations | ✓ | | | | | | |
| Building Maintenance | ✓ | | | | | | |
| Information Technology | ✓ | | | | | | |
| Finance Department | | | | | | | |
| Finance | ✓ | | | | | | |
| Municipal Court | ✓ | | | | | | |
| Court Security | | | | | | | ✓ |
| Utility Billing | | ✓ | | | | | |
| Public Utilities Department | | | | | | | |
| Public Utilities Administration | ✓ | | | | | | |
| Surface Water Plant | | ✓ | | | | | |
| Water Production | | ✓ | | | | | |
| Water Distribution | | ✓ | | | | | |
| Meter Reading | | ✓ | | | | | |
| Construction Crew | | ✓ | | | | | |
| Wastewater Collection | | | ✓ | | | | |
| AJ Brown WWTP | | | ✓ | | | | |
| NB Davidson WWTP | | | ✓ | | | | |
| Robinson Creek WWTP | | | ✓ | | | | |
| Lab Compliance | | | ✓ | | | | |
| Commercial Collection | | | | ✓ | | | |
| Solid Waste Disposal | | | | ✓ | | | |
| Residential Collection | | | | ✓ | | | |
| Recycling | | | | ✓ | | | |
| Public Works Department | | | | | | | |
| Public Works Administration | ✓ | | | | | | |
| Planning | ✓ | | | | | | |
| Engineering | ✓ | | | | | | |
| Surveying | ✓ | | | | | | |
| Central Inspection | ✓ | | | | | | |
| Health | ✓ | | | | | | |
| Street Sweeping | | | | ✓ | | | |
| Streets | | | | | | ✓ | |
| Drainage Maintenance | | | | | | ✓ | |
| Airport | | | | | | | ✓ |
| Community Services Department | | | | | | | |
| Community Services Administration | ✓ | | | | | | |
| Recreation | ✓ | | | | | | |
| Parks Maintenance | ✓ | | | | | | |
| Aquatic Center Operations | ✓ | | | | | | |
| Library | ✓ | | | | | | |
| Cultural Services | ✓ | | | | | | |
| Main Street | ✓ | | | | | | |
| Cemetery | | | | | ✓ | | |
| Arts Center | | | | | | | ✓ |
| Public Safety Department | | | | | | | |
| Public Safety Administration | ✓ | | | | | | |
| Police | ✓ | | | | | | |
| Fire | ✓ | | | | | | |
| School Resource Officers | | | | | | | ✓ |

Comprehensive Planning

Our community is currently in the process of developing the Huntsville Horizon Plan, a comprehensive plan for the City of Huntsville. The comprehensive planning process allows citizens a forum to express their vision for the future of Huntsville. This plan will provide vital data and direction to City Council and staff for managing growth and help to bind together various previously conducted studies that will be incorporated as part of the Huntsville Horizons Comprehensive Plan. The Comprehensive Plan is designed as a framework for the future development of the City and its two-mile planning jurisdiction over the next 20 years and beyond. It is intended to guide the community's decisions regarding its future physical, economic, and social development. This plan identifies goals, policies and actions to use as decisions are made and the community's vision is achieved. Key elements of the Huntsville Horizon Comprehensive Plan include:

- A realistic vision of the City's future; what it will be like in 20 years.
- Specific goals, supporting objectives, and realistic actions to be achieved during the planning period.
- A map that illustrates the City's vision and provides guidance to coordinate capital investments and provide adequate facilities and services and address future land use, community character, and locations of major infrastructure.
- Identification of needs and estimated costs of initiatives that will be further quantified in the annual budgeting process.
- Priorities established for both programmatic improvements and capital investments. Capital programming is important, but departments must also address and allocate operational and maintenance costs.
- Recommendations on regulations. A significant portion of implementation will be achieved by regulations – zoning, subdivision, building codes, and code enforcement.
- Public-private partnership to allow governments to work cooperatively with the private sector, often achieving objectives that neither can accomplish alone. Affordable housing and redevelopment strategies are common examples requiring both government and private sector participants.
- Intergovernmental cooperation between the City, County, University and State agencies to enable coordination of actions and, in some cases, sharing of resources.
- Governmental programs of acquisition and renewal spanning a wide range of areas, from acquiring land for parks to establishing redevelopment and reinvestment programs.

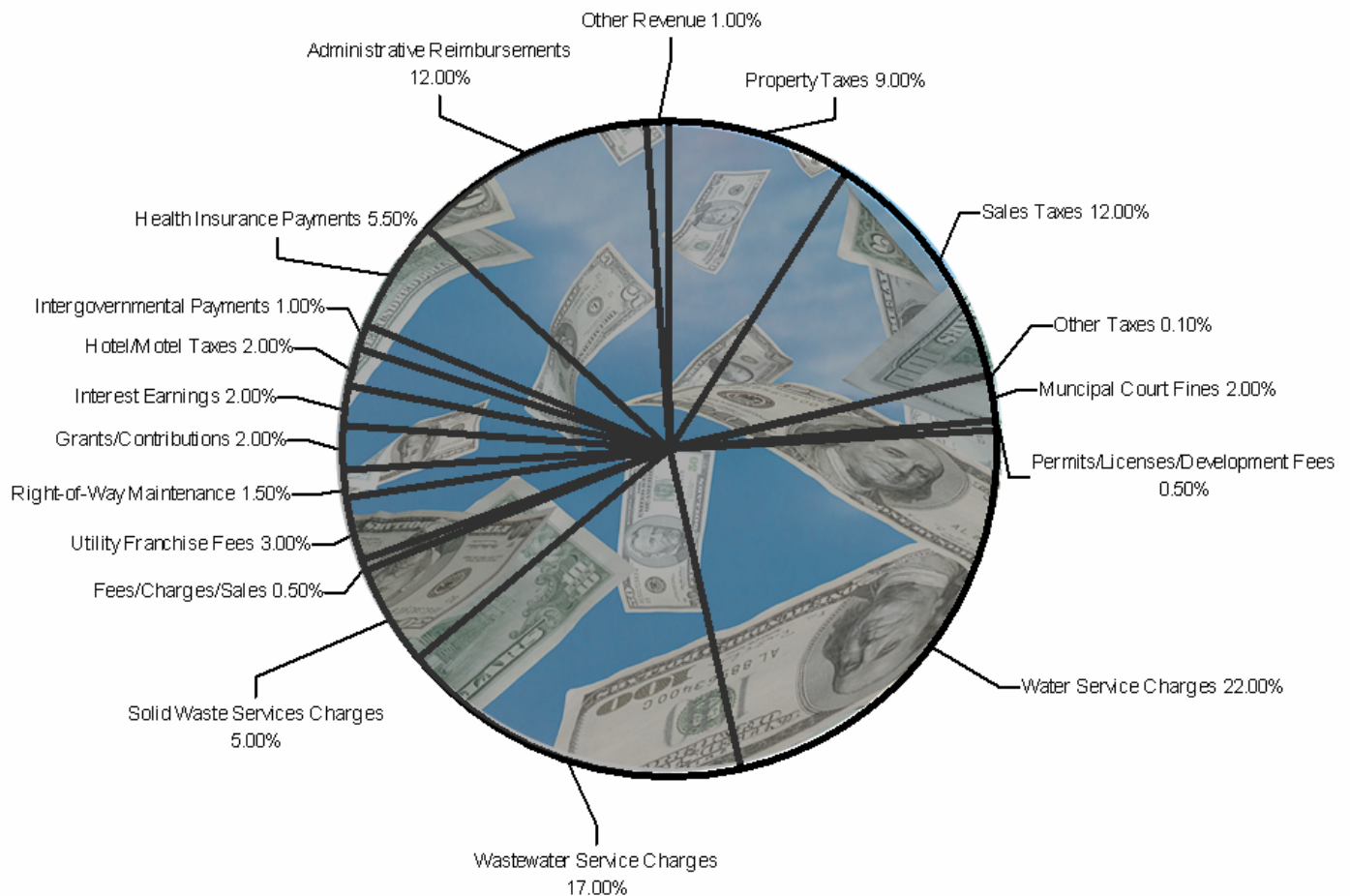
The following plans are referenced as part of the Huntsville Horizon Comprehensive Plan:

- Huntsville Municipal Airport, Airport Master Plan, 2003
- Y2K +10 Campus Master Plan, Sam Houston State University, 2001
- Huntsville Transportation Plan, 2000-2020, 2002, amended 2005
- Huntsville Parks and Recreation Master Plan, 2003
- Huntsville 2020, The Cultural Planning Project, Community Cultural Needs Assessment, 1992
- The City of Huntsville Strategic Plan, 2006

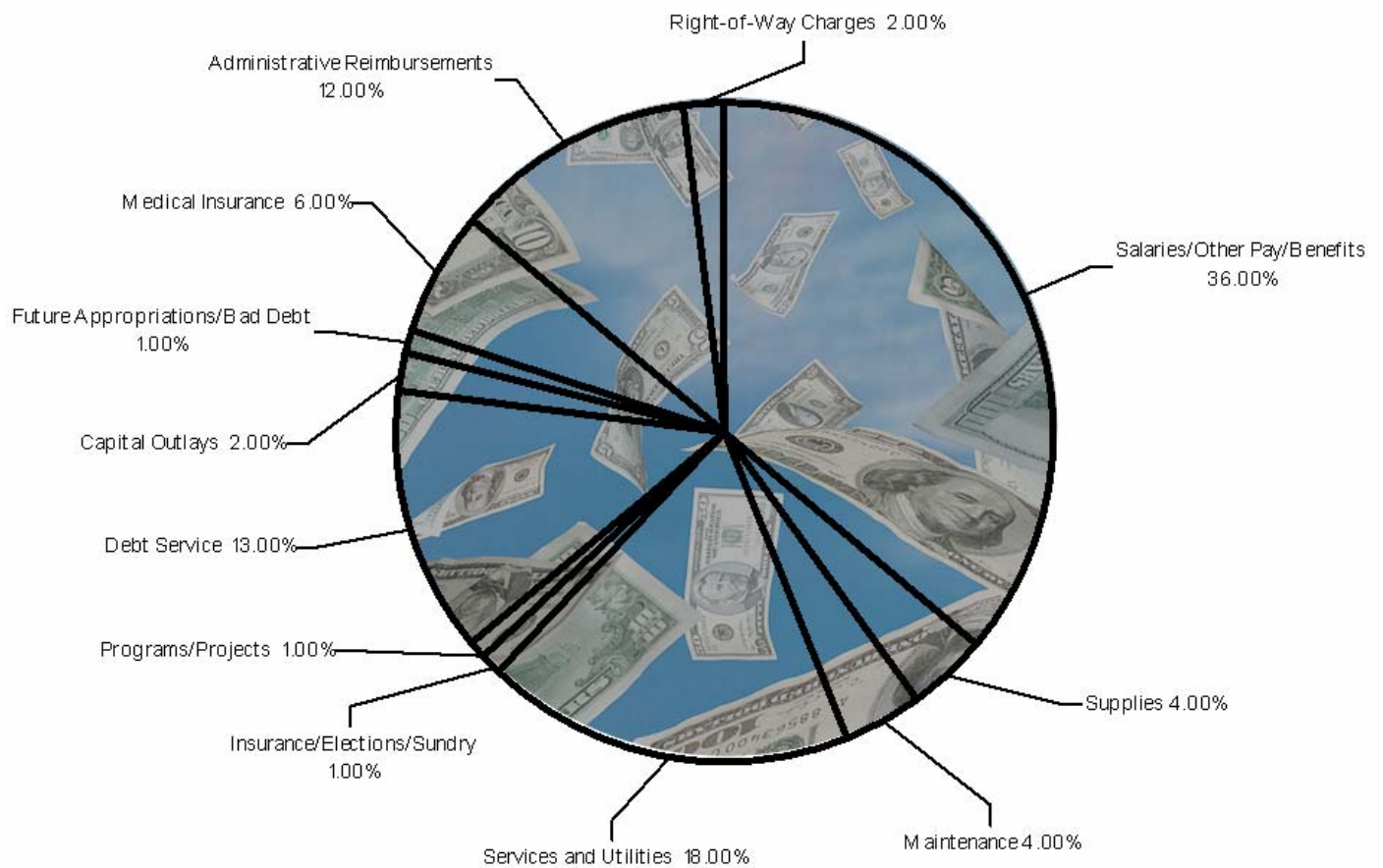
Once complete, the Huntsville Horizon Comprehensive plan will play a significant role in the development of goals and will guide the Council's yearly strategic planning, budgeting, and capital planning process.

Operating Budget Summary

Where the Money Comes From...



Where the Money Goes...



Operating Budget Summary

| | General Fund | Debt Service Fund | Water Fund | Wastewater Fund | Solid Waste Fund |
|-----------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Beginning Fund Balance Oct. 1 | 2,990,000 | 131,008 | 4,143,888 | 2,283,177 | 1,002,311 |
| Sources of Funds | | | | | |
| Revenues | | | | | |
| Property Taxes | 2,315,000 | 1,779,000 | - | - | - |
| Sales Taxes | 5,300,000 | - | - | - | - |
| Other Taxes | 66,000 | - | - | - | - |
| Permits/Licenses/Development Fees | 220,950 | - | - | - | - |
| Municipal Court Fines | 740,200 | - | - | - | - |
| Fees/Charges/Sales | 114,050 | - | 45,000 | 12,000 | 1,000 |
| Inter Governmental | 246,487 | - | - | - | - |
| Interest Earnings | 267,000 | 30,000 | 220,000 | 228,500 | 55,800 |
| Grants/Reimbursements/Contributions | 101,240 | - | 55,000 | 295,000 | - |
| Other Revenues | 367,080 | - | - | - | 35,000 |
| Water Revenues | - | - | 9,902,416 | - | - |
| Wastewater Revenues | - | - | - | 7,480,000 | - |
| Solid Waste Revenues | - | - | - | - | 3,669,000 |
| Health Insurance Payments | - | - | - | - | - |
| Utility Franchise Fees | - | - | - | - | - |
| Hotel/Motel Taxes | - | - | - | - | - |
| Total Revenues | 9,738,007 | 1,809,000 | 10,222,416 | 8,015,500 | 3,760,800 |
| Administrative Reimbursements | 4,653,361 | - | 311,619 | 55,208 | - |
| Right-of-Way Maintenance Charges | - | - | - | - | - |
| Operating Transfers In | 202,620 | - | - | - | - |
| Total Sources of Funds | 14,593,988 | 1,809,000 | 10,534,035 | 8,070,708 | 3,760,800 |
| Uses of Resources | | | | | |
| Expenditures | | | | | |
| Operating Expenses | | | | | |
| Salaries/Other Pay/Benefits | 9,891,873 | - | 1,388,839 | 1,251,727 | 1,476,357 |
| Supplies | 699,111 | - | 251,415 | 185,737 | 291,249 |
| Maintenance of Structures | 128,660 | - | 224,500 | 216,680 | 15,000 |
| Maintenance of Equipment | 219,396 | - | 141,200 | 131,580 | 148,390 |
| Services and Utilities | 2,344,090 | - | 3,316,720 | 784,518 | 694,539 |
| Insurance/Sundry/Elections | 244,439 | - | 90,350 | 70,077 | 74,039 |
| Programs/Projects | 178,661 | - | - | - | 2,000 |
| Debt Service | 152,620 | 1,621,502 | 1,458,758 | 2,137,811 | 105,974 |
| Capital Outlays | 99,210 | - | 25,407 | 11,000 | - |
| Future Appropriations/Bad Debt | 60,000 | - | 198,000 | 98,000 | 50,000 |
| Medical Insurance | - | - | - | - | - |
| Total Operating Expenses | 14,018,060 | 1,621,502 | 7,095,189 | 4,887,130 | 2,857,548 |
| Administrative Reimbursements | - | - | 2,237,309 | 2,069,069 | 626,885 |
| Right-of-Way Charges | - | - | 366,009 | 272,144 | 112,074 |
| Total Expenditures | 14,018,060 | 1,621,502 | 9,698,507 | 7,228,343 | 3,596,507 |
| Operating Transfers Out | 437,269 | 246,644 | 159,267 | 157,121 | 164,840 |
| Transfer to Capital Improvements | 92,526 | - | 1,465,539 | 1,045,035 | - |
| Total Uses of Resources | 14,547,855 | 1,868,146 | 11,323,313 | 8,430,499 | 3,761,347 |
| Ending Fund Balance Sept. 30 | 3,036,133 | 71,862 | 3,354,610 | 1,923,386 | 1,001,764 |
| 16.67% Reserved Fund Balance | 2,399,701 | not | 1,610,284 | 1,214,820 | 618,682 |
| Unreserved Fund Balance | 636,432 | required | 1,744,326 | 708,566 | 383,082 |

Note: For fiscal year 06-07 fund balance reserves were approved as follows: General Fund (20%), Water Fund (25%), Wastewater Fund (25%), Solid Waste Fund (25%), and Street Fund (25%).

| Cemetery Operations | Street Special Revenue Fund | Other Special Revenue Funds | Internal Service Funds | Permanent Funds | Total Operating Budget |
|------------------------|--------------------------------|--------------------------------|---------------------------|--------------------|---------------------------|
| - | 719,334 | 794,410 | 1,003,878 | 439,720 | \$ 13,507,726 |
| - | - | - | - | - | 4,094,000 |
| - | - | - | - | - | 5,300,000 |
| - | - | - | - | - | 66,000 |
| - | - | - | - | - | 220,950 |
| - | - | 35,000 | - | - | 775,200 |
| 15,000 | 38,000 | 1,200 | - | - | 226,250 |
| - | - | 224,000 | - | - | 470,487 |
| 450 | 30,000 | 17,700 | 39,200 | 15,100 | 903,750 |
| - | - | 176,733 | 175,288 | - | 803,261 |
| - | - | - | - | - | 402,080 |
| - | - | - | - | - | 9,902,416 |
| - | - | - | - | - | 7,480,000 |
| - | - | - | - | - | 3,669,000 |
| - | - | - | 2,405,427 | - | 2,405,427 |
| - | 1,386,000 | - | - | - | 1,386,000 |
| - | - | 440,000 | - | - | 440,000 |
| 15,450 | 1,454,000 | 894,633 | 2,619,915 | 15,100 | 38,544,821 |
| - | 222,334 | - | - | - | 5,242,522 |
| - | 750,227 | - | - | - | 750,227 |
| 111,558 | - | 123,032 | 914,519 | - | 1,351,729 |
| 127,008 | 2,426,561 | 1,017,665 | 3,534,434 | 15,100 | 45,889,299 |
| 83,975 | 1,148,635 | 385,106 | - | - | 15,626,512 |
| 8,460 | 125,366 | 37,793 | 72,358 | - | 1,671,489 |
| 3,400 | 482,108 | 9,250 | - | - | 1,079,598 |
| 3,525 | 54,950 | 1,950 | - | - | 700,991 |
| 1,504 | 194,265 | 401,560 | - | - | 7,737,196 |
| 241 | 37,738 | - | - | - | 516,884 |
| 24,000 | 5,000 | 214,920 | - | - | 424,581 |
| - | - | - | 307,821 | - | 5,784,486 |
| - | - | 47,826 | 801,088 | - | 984,531 |
| - | - | - | - | - | 406,000 |
| - | - | - | 2,622,740 | - | 2,622,740 |
| 125,105 | 2,048,062 | 1,098,405 | 3,804,007 | - | 37,555,008 |
| - | 309,259 | - | - | - | 5,242,522 |
| - | - | - | - | - | 750,227 |
| 125,105 | 2,357,321 | 1,098,405 | 3,804,007 | - | 43,547,757 |
| 1,903 | 69,240 | 104,445 | - | 11,000 | 1,351,729 |
| - | 57,500 | - | - | - | 2,660,600 |
| 127,008 | 2,484,061 | 1,202,850 | 3,804,007 | 11,000 | 47,560,086 |
| - | 661,834 | 609,225 | 734,305 | 443,820 | \$ 11,836,939 |
| not required | 404,508 257,326 | not required | not required | not required | |

Summary of Transfers and Internal Charges

Summary of Operating Transfers

| T O | | General Fund | Cemetery Operations | Court Security | Airport SRF | Public Safety Grants | Arts Center SRF | Capital Equipment | Fire Equipment | Computer Equipment | Total Out |
|-----------------|---------------------|--------------|---------------------|----------------|-------------|----------------------|-----------------|-------------------|----------------|--------------------|-----------|
| F | General Fund | - | 100,558 | 8,000 | 11,715 | 19,577 | 36,740 | 106,889 | 77,260 | 76,530 | 437,269 |
| R | Debt Service Fund | 152,620 | - | - | - | - | - | - | 94,024 | - | 246,644 |
| O | Water Fund | - | - | - | - | - | - | 76,065 | - | 83,202 | 159,267 |
| M | Wastewater Fund | - | - | - | - | - | - | 79,785 | - | 77,336 | 157,121 |
| | Solid Waste Fund | - | - | - | - | - | - | 160,793 | - | 4,047 | 164,840 |
| | Street Fund | - | - | - | - | - | - | 67,964 | - | 1,276 | 69,240 |
| | Cemetery Operations | - | - | - | - | - | - | 1,903 | - | - | 1,903 |
| | SRO Fund | - | - | - | - | - | - | 7,445 | - | - | 7,445 |
| | H/M- Arts | - | - | - | - | - | 47,000 | - | - | - | 47,000 |
| | H/M- Visitors | 50,000 | - | - | - | - | - | - | - | - | 50,000 |
| | Cemetery Endowment | - | 11,000 | - | - | - | - | - | - | - | 11,000 |
| Total In | | 202,620 | 111,558 | 8,000 | 11,715 | 19,577 | 83,740 | 500,844 | 171,284 | 242,391 | 1,351,729 |

Summary of Administrative Reimbursements

| T O | | General Fund | Water Fund | Wastewater Fund | Street SRF | Total Out |
|-----------------|------------------|--------------|------------|-----------------|------------|-----------|
| F | Water Fund | 2,182,101 | - | 55,208 | - | 2,237,309 |
| R | Wastewater Fund | 1,577,715 | 269,020 | - | 222,334 | 2,069,069 |
| O | Solid Waste Fund | 584,286 | 42,599 | - | - | 626,885 |
| M | Street SRF | 309,259 | - | - | - | 309,259 |
| Total In | | 4,653,361 | 311,619 | 55,208 | 222,334 | 5,242,522 |



Summary of Transfers and Internal Charges

Summary of Right-of-Way Maintenance Charges

| T O | | |
|------------------|------------|-----------|
| | Street SRF | Total Out |
| F | | |
| Water Fund | 366,009 | 366,009 |
| R | | |
| Wastewater Fund | 272,144 | 272,144 |
| O | | |
| Solid Waste Fund | 112,074 | 112,074 |
| M | | |
| Total In | 750,227 | 750,227 |

Summary of Capital Transfers

| T O | | | | | |
|-----------------|--------------------------|------------------------|-----------------------------|---------------------------|-----------|
| | General CIP ¹ | Water CIP ² | Wastewater CIP ³ | Drainage CIP ⁴ | Total Out |
| F | | | | | |
| General Fund | 92,526 | - | - | - | 92,526 |
| R | | | | | |
| Water Fund | 90,384 | 1,375,155 | - | - | 1,465,539 |
| O | | | | | |
| Wastewater Fund | 65,035 | - | 775,000 | 205,000 | 1,045,035 |
| M | | | | | |
| Street SRF | 57,500 | - | - | - | 57,500 |
| Total In | 305,445 | 1,375,155 | 775,000 | 205,000 | 2,660,600 |

Summary of Medical Insurance Charges

| T O | | |
|---------------------|-------------------|-----------|
| | Medical Insurance | Total Out |
| F | | |
| General Fund | 1,009,612 | 1,009,612 |
| R | | |
| Water Fund | 182,380 | 182,380 |
| O | | |
| Wastewater Fund | 169,353 | 169,353 |
| M | | |
| Solid Waste Fund | 195,409 | 195,409 |
| Cemetery Operations | 13,027 | 13,027 |
| Court Security | 6,514 | 6,514 |
| Street SRF | 149,812 | 149,812 |
| SRO Fund | 32,568 | 32,568 |
| Total In | 1,758,675 | 1,758,675 |



Fund Balances

Fund Balance is defined as unreserved current assets less inventory and on-going receivables (ex. utility billing, sales tax) minus current liabilities payable from these assets. An adequate fund balance is necessary to pay expenditures caused by unforeseen emergencies or for shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. In accordance with the City of Huntsville's Fiscal and Budgetary Policies, the fund balance reserve for all funds excluding certain funds such as Special Revenue Funds, Internal Service Funds, and Capital Projects Funds must be maintained at a minimum amount of 16.67% of the annual budget (excluding transfers to capital projects) for each fund. For fiscal year 06-07 fund balance reserves were approved as follows: General Fund (20%), Water Fund (25%), Wastewater Fund (25%), Solid Waste Fund (25%), and Street Fund (25%). Fund balance reserves are not used to support on-going operating expenditures. Fund Balance may be used for one time capital expenditures if surplus balances remain after all fund allocations are made and the 16.67% operating reserve is met.

General Fund

The General Fund has a projected ending fund balance for fiscal year 06-07 of \$3,036,133 after transfer to capital projects of \$92,526. This marks the second consecutive year the General Fund has a budgeted surplus with expected revenues exceeding planned expenditures. The projected operating reserve for the General Fund is 21.7% of expenditures before transfers to capital and 21.1% after transfers to capital, well within the City of Huntsville's reserve requirement.

Debt Service Fund

The General Debt Service Fund has a projected ending fund balance for fiscal year 06-07 of \$71,862. A portion of the Debt Service Fund's reserve was used in fiscal year 05-06 for a down payment on the Tax Notes, Series 2005 issue for the aquatic center facility. The reserves of the Debt Service Fund may only be used for the payment of debt.

Water Fund

The Water Fund has a projected ending fund balance for fiscal year 06-07 of \$3,354,610 after transfers to capital projects of \$1,465,539. The projected operating reserve for the Water Fund is 49.9% of expenditures before transfers to capital and 34.7% after transfers to capital, well within the City of Huntsville's reserve requirement.

Wastewater Fund

The Wastewater Fund has a projected ending fund balance for fiscal year 06-07 of \$1,923,386 after transfers to capital projects of \$1,045,035. The projected operating reserve for the Wastewater Fund is 40.7% of expenditures before transfers to capital and 26.4% after transfers to capital, well within the City of Huntsville's reserve requirement.

Solid Waste Fund

The Solid Waste Fund has a projected ending fund balance for fiscal year 06-07 of \$1,001,764. The projected operating reserve for the Solid Waste Fund is 27.0% of expenditures, well within the City of Huntsville's reserve requirement. No transfers to capital projects are planned for the Solid Waste Fund in fiscal year 06-07.

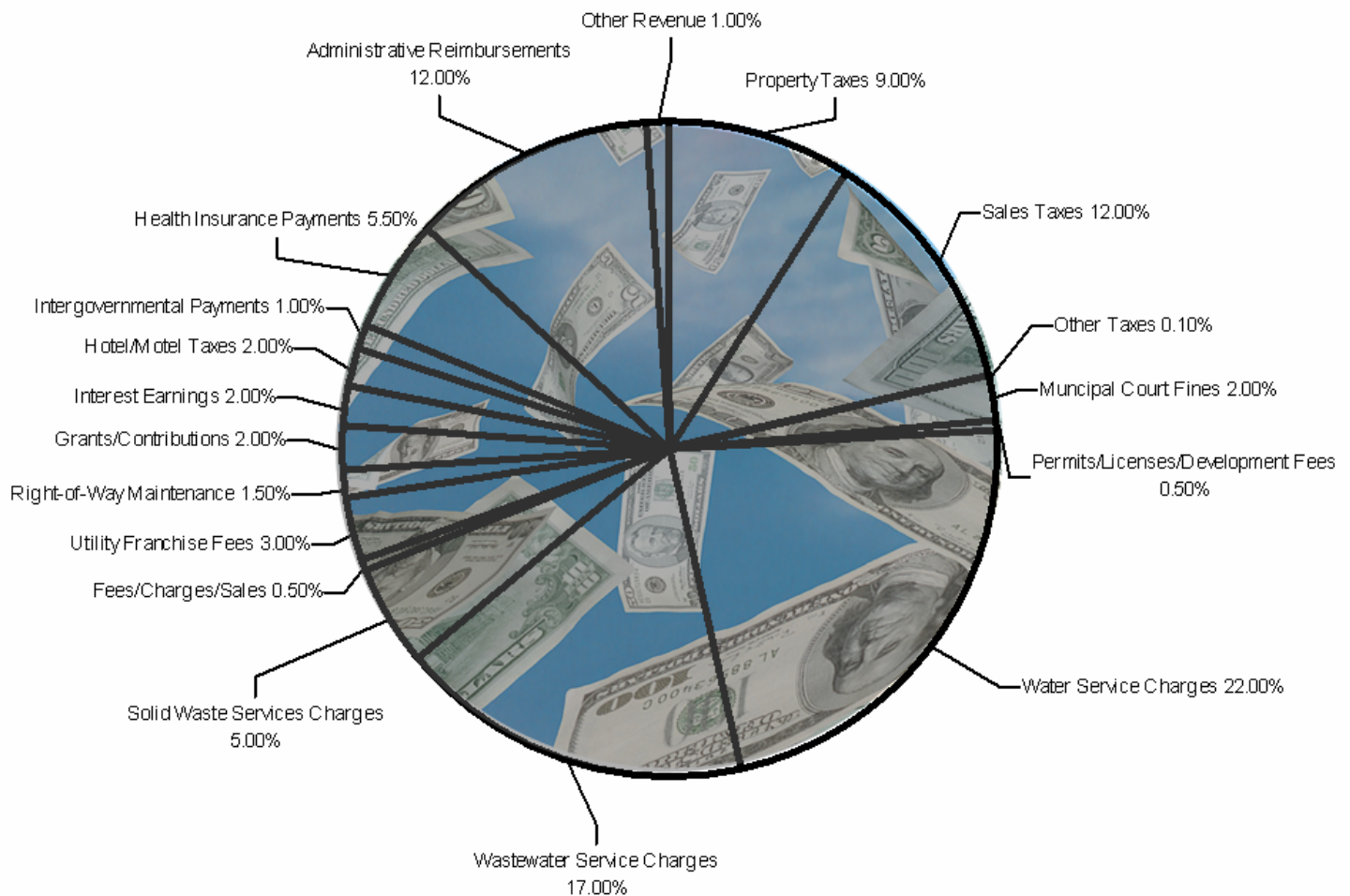
Street Fund

The Street Fund has a projected ending fund balance for fiscal year 06-07 of \$661,834 after transfers to capital projects of \$57,500. The projected operating reserve for the Street Fund is 29.6% of expenditures before transfers to capital and 27.3% after transfers to capital.

Revenues

The cornerstone of the City of Huntsville's annual budget is the projection of revenue expected for the coming fiscal year. Accurate revenue projections are an important element in budgeting because decisions on spending must be made within the limits of available funds. Revenues received by the City support the various services provided to the citizens of Huntsville. Accurate revenue projections allow sound management of our resources. The City of Huntsville practices a conservative approach to budgeting and employs various forecasting methods to ensure the most accurate revenue projections possible.

The City of Huntsville receives revenue from several different sources. The below graph shows the sources of income for the City of Huntsville for fiscal year 06-07:

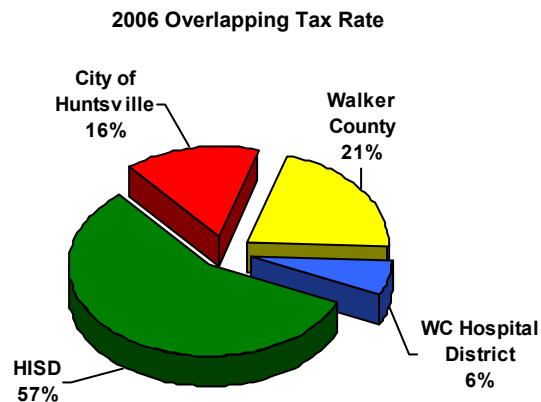




Property Taxes

Revenues from property taxes account for 9% of overall city revenues. Taxes are assessed on all property in the city except for certain property that is eligible for exemption such as state owned property. All exemptions from property tax are governed by Federal and State law. The Walker County Appraisal District assesses the value of property in Huntsville and processes applications for exemptions. Based on the total property valuation certified by the Appraisal District, the Huntsville City Council sets a tax rate that will provide sufficient revenue to support public safety services such as police and fire protection and community services such as parks, recreation, and library. The total tax rate set by Council includes a rate for debt service payments as well as a rate for general day-to-day maintenance and operations. The City of Huntsville contracts with the Walker County Appraisal District for property tax billing and collections. Because property taxes are paid per one-hundred dollars of assessed property value, the amount of property tax levied by the City is calculated by dividing the total appraised value of property by one-hundred and then multiplying by the adopted tax rate.

The City is not the only jurisdiction that taxes property located in Huntsville. Other entities including Walker County, Huntsville Independent School District, and the Walker County Hospital District also levy a property tax. Most citizens of Huntsville pay only 16% of their total property tax bill to the City. The other 84% is collected by the other taxing jurisdictions. The below graph demonstrates each entity's portion of the overlapping tax rate:



An average citizen pays only 16% of their property tax bill to the City of Huntsville.

In fiscal year 06-07 the City Council approved a three percent decrease in the tax rate. This year's adopted tax rate of 41.92 cents per one-hundred dollars of assessed valuation is the lowest tax rate the City Council has adopted in the past seven years and the second lowest tax rate that has been adopted in the past nine years. This marks the second consecutive year the City has been able to set the tax rate at the effective rate. The effective tax rate is the tax rate that provides the City with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property.

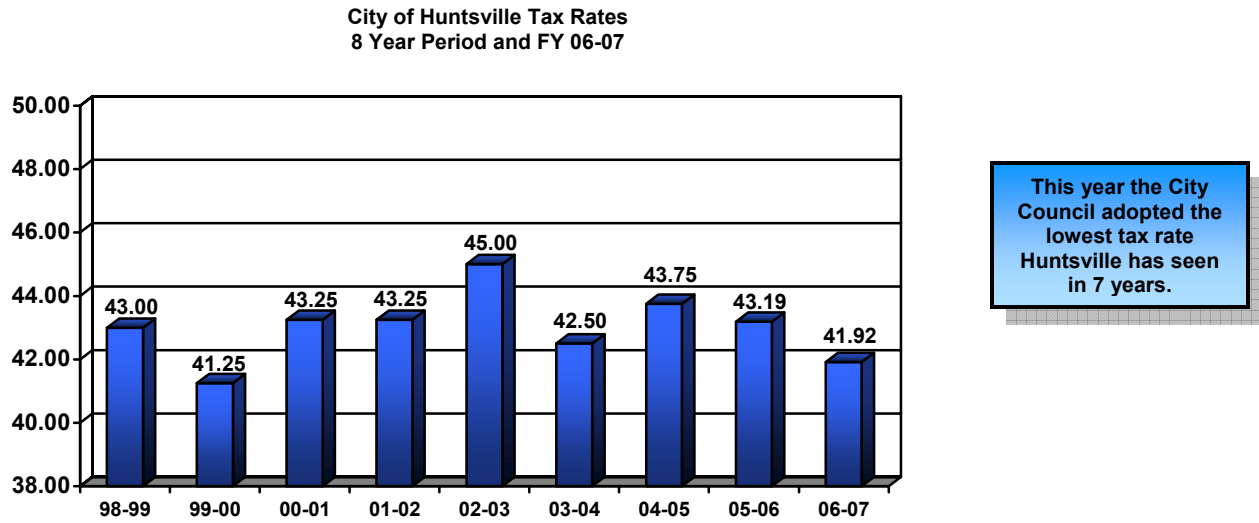
**City of Huntsville
FY 06-07 Property Tax Rate**

| | |
|----------------|---------------|
| General | 23.81¢ |
| Debt | 18.11¢ |
| Total | 41.92¢ |

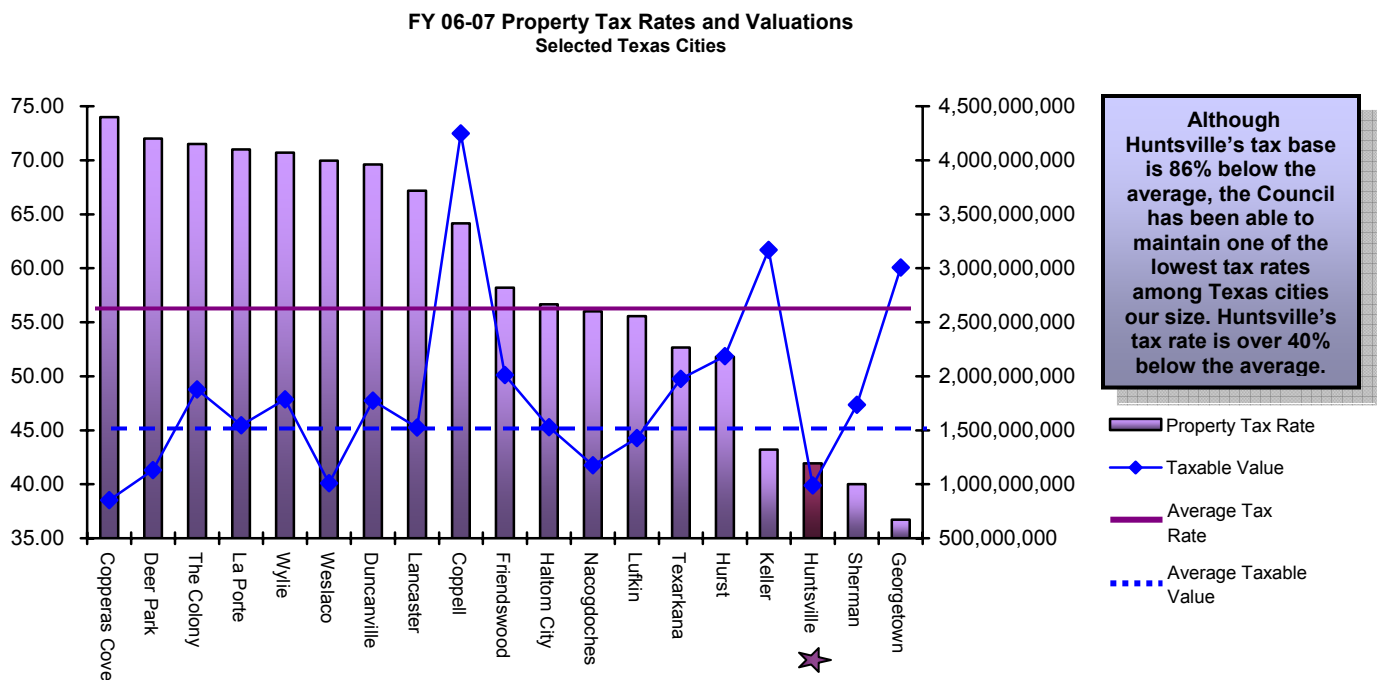
This year's rate represents a 3% decrease from FY 05-06 rate of 43.19¢ per \$100 valuation.

The City Council approved a 3% decrease in the tax rate for FY 06-07.

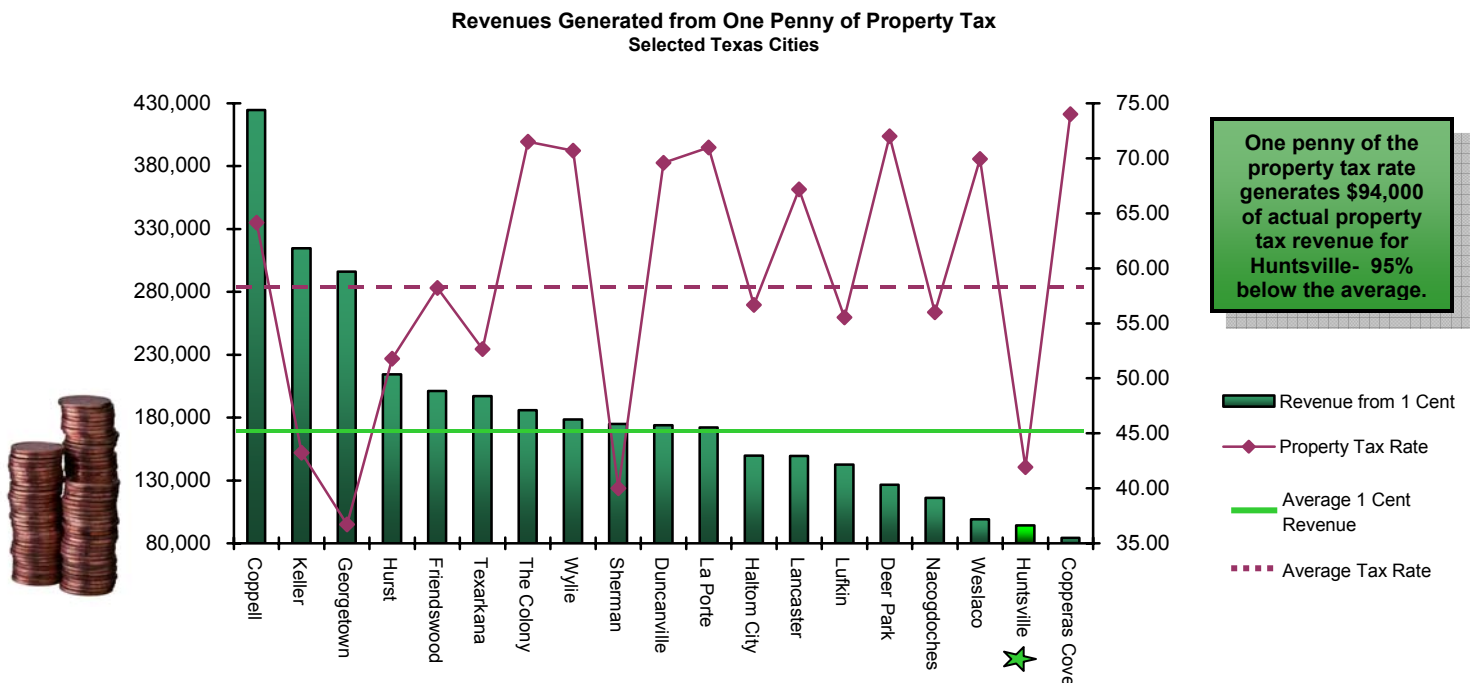
The below graph compares the current tax rate with the tax rates from eight prior years:



The City Council has been able to decrease the tax rate by three percent while continuing to provide excellent essential services to the citizens of Huntsville all while facing unique challenges in property tax management. Because several state institutions are located in Huntsville including the Texas Department of Criminal Justice and Sam Houston State University, the total value of property subject to property tax is much lower in Huntsville than in other communities comparable in population. The City of Huntsville is still able to maintain one of the lowest property tax rates of all Texas cities with populations between 30,000 and 40,000 even though Huntsville has one of the lowest taxable valuations within that group. The below graph shows the taxable valuations and the tax rates of selected Texas cities with populations between 30,000 and 40,000:



Huntsville's total taxable property valuation of \$987,649,140 is 86% below the average valuation of these cities, but Huntsville's tax rate is over 40% below the average tax rate. Because taxes are collected per one-hundred dollars of value and Huntsville's total taxable property value is so low, Huntsville collects significantly less actual dollars in tax revenue per penny of the tax rate than do most of the other Texas cities comparable in size. Each penny on Huntsville's tax rate generates approximately \$94,000 in revenue for city services. In contrast, each penny on Georgetown's tax rate generates approximately \$296,000 in revenue for their city services. So, even though Georgetown's actual tax rate is 14% lower than Huntsville's, Georgetown collects 215% more in property tax revenue per penny of tax than does Huntsville. The below graph shows the tax revenue generated from one penny on the property tax rate of selected Texas cities with populations between 30,000 and 40,000:

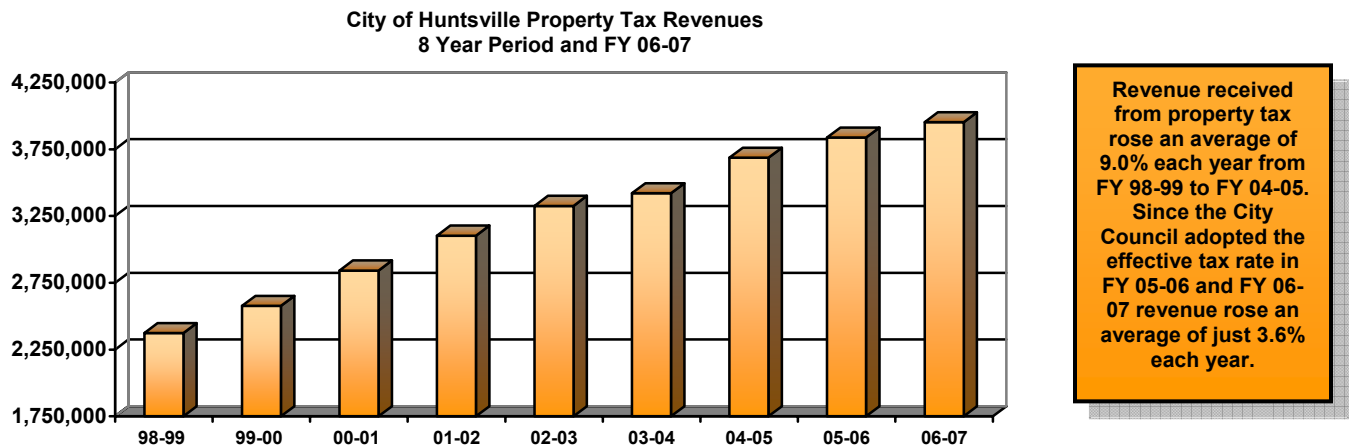


Because of relatively low taxable property value, Huntsville indeed faces a challenge in keeping property taxes low and quality of essential services high. But with sound management of our resources and strategic, long range planning this task can be accomplished.

The preparation of our budget for property tax revenue begins with the receipt of the certified tax roll from the Walker County Appraisal District. Information about Huntsville's total existing and new property value eligible for taxation is included in the documentation received from the Appraisal District. The Appraisal District also calculates the effective tax rate that will provide the city with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property. The Huntsville City Council is committed to keeping the property tax rates in Huntsville among the lowest in Texas and in recent years every effort has been made to reduce the tax rate to the effective rate. In accordance with this effort, our budget for property tax revenue is derived by applying the effective tax rate to the certified taxable property valuation. Based on our historical trends, a provision is made for property tax that is owed but not paid on time or not paid at all. The actual collection rate is traditionally fairly high, and we expect to collect at least 97.5% of what is owed. For fiscal year 06-07, we have also included a provision for property that is under protest as to its eligibility for taxation. Additionally, the City Council passed an ordinance in 2004 that freezes the tax payments for citizens who are at least 65 or who are disabled to the amount of taxes they paid in fiscal year 04-05. The Appraisal District calculates this tax freeze and its influence on the effective tax rate.

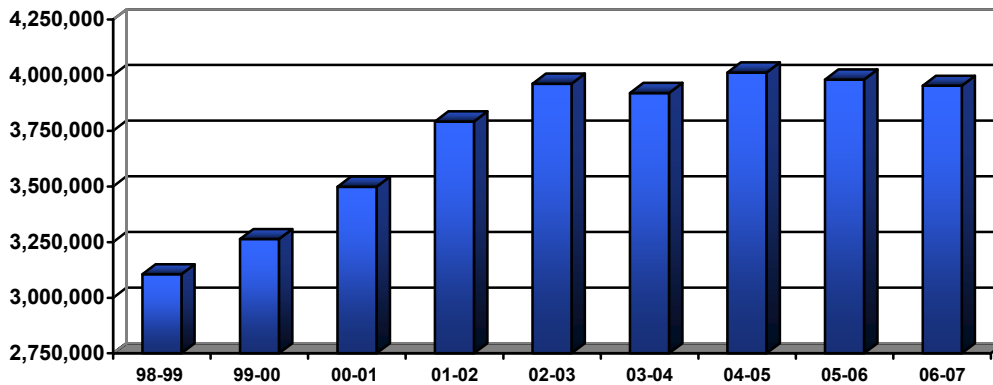
The City Council adopted the effective tax rate in both fiscal years 05-06 and 06-07. Because of this, even though the taxable property value in Huntsville has risen 12.6% since fiscal year 04-05, the amount of property tax revenue collected by the city has remained the same as in fiscal year 04-05 except for the additional revenue generated from new property. It should be noted that, although overall the city will collect the same amount of taxes from existing property as it did the year before, an individual taxpayer may see a change in their tax bill. If the valuation of an individual taxpayer's property increased at a rate higher than the average overall rate, their tax bill is likely to be slightly higher this year than it was last year, but if it increased at a rate lower than the average overall rate or not at all, their tax bill is likely to be slightly lower than it was last year.

Inflation and the rising cost of doing business affects city government just as it does businesses and individuals. The Municipal Cost Index shows that the average cost of providing city services has risen by 10.5% over the past two years. Huntsville has been able to absorb these ever rising costs while still collecting the same amount of tax revenue from existing properties in fiscal years 05-06 and 06-07 as it did in fiscal year 04-05. This has been possible in large part through additional property tax revenues from new property and increasing revenues from sales tax. The below graph shows the actual property tax revenue received by the City of Huntsville over the past eight years and the revenue projected for fiscal year 06-07:



The average yearly increase in property tax revenue in fiscal years 98-99 through 04-05 was 9%. But in fiscal years 05-06 and 06-07, the years that the City Council adopted the effective rate, the average yearly increase was just 3.6%, and is solely the result of the additional revenue received from new property. When the effective rate is adopted, the same amount of revenue is collected as in the prior year from existing property and the additional revenue needed to support the inflated cost of providing city services at current levels must be obtained either through growth and the addition of new taxable property in the community, or from increases in other revenue sources such as sales tax. With the cost of gasoline, utilities, construction materials, healthcare, and so many other daily expenses ever increasing, one-hundred dollars does not have the same purchasing power today as it did even five years ago. In order to evaluate the effect inflation has on Huntsville's ability to provide excellent city services using our limited resources we must consider the purchasing power of the property tax revenues we received in recent history in terms of today's dollar values. The graph on the following page shows property tax revenue received by the City of Huntsville over the past eight years inflated to current value and the revenue projected for fiscal year 06-07:

**City of Huntsville Property Tax Revenues
Inflated to Current Value
8 Year Period and FY 06-07**



Note: Inflation for all graphs calculated based on Municipal Cost Index

Since the adoption of the effective tax rate in FY 05-06, inflation has outpaced the increase in revenue from new property and the purchasing power of the revenue Huntsville receives from property taxes has declined.

Inflation has outpaced the increases in property tax revenue the city has received since fiscal year 05-06, the first year the City Council adopted the effective tax rate, but the City of Huntsville continues to provide quality basic services at sustained or increasing levels year after year. The City of Huntsville is providing improved basic service quality and quantity with fewer resources than in years past. The City Council and staff strive everyday to manage the property tax revenue and rates in an effective manner and provide the Citizens of Huntsville with better service for less money.

The below table shows total property tax revenue received in prior years and property tax revenue budgeted for fiscal year 06-07 for both General and Debt Service Funds:



Property Tax Revenue

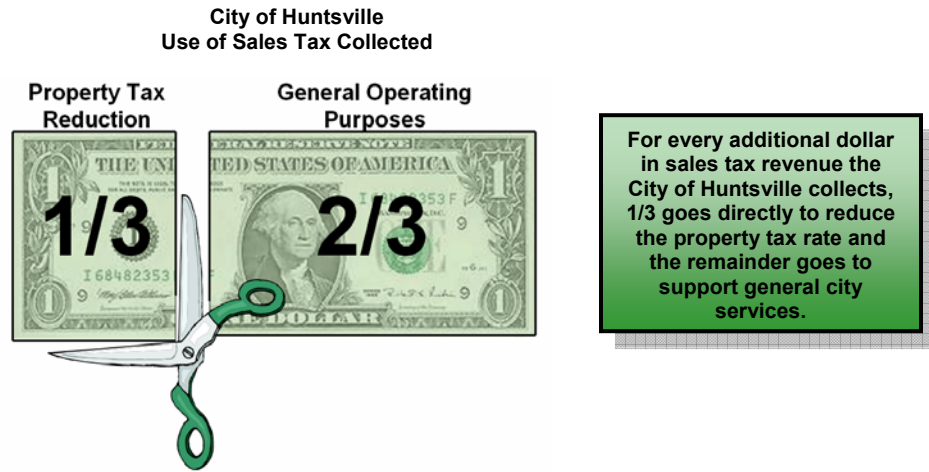
| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Current | 3,420,608 | 3,686,935 | 3,796,735 | 3,837,143 | 3,952,000 |
| Delinquent | 74,533 | 106,910 | 100,000 | 77,817 | 82,000 |
| Penalty & Interest | 50,127 | 54,150 | 42,000 | 66,579 | 60,000 |
| Total | \$ 3,545,268 | \$ 3,847,995 | \$ 3,938,735 | \$ 3,981,539 | \$ 4,094,000 |



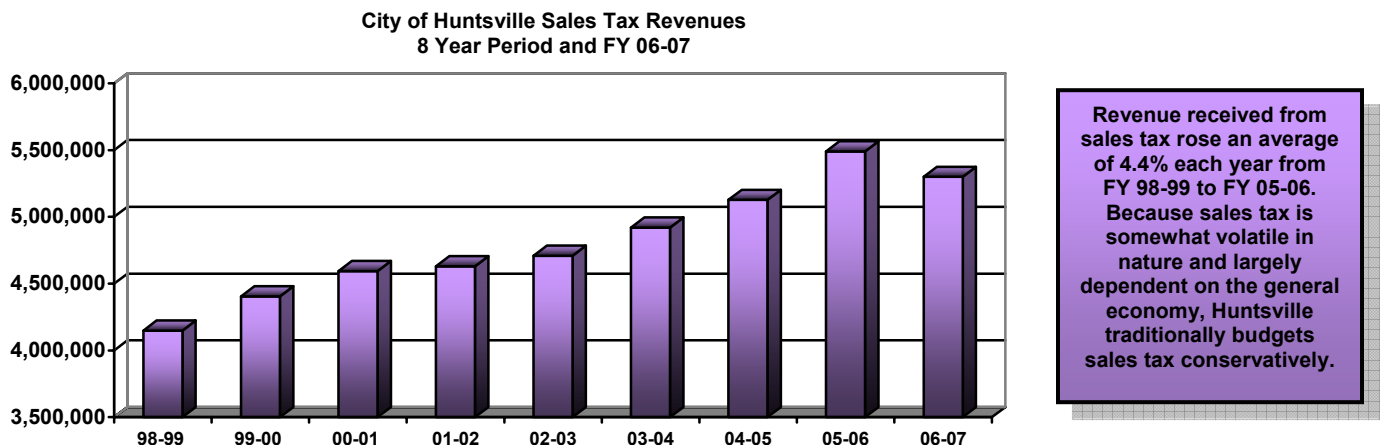
Sales Taxes

Revenues from sales taxes account for 12% of overall city revenues. All taxable sales in Huntsville are charged a sales tax at a rate of 8.25%. The City of Huntsville receives 1.5% of the 8.25% sales taxes that are remitted by retailers in the city limits, the State of Texas retains 6.25%, and Walker County receives 0.5%. One cent of Huntsville's portion of the sales tax is used for general operating purposes and one-half cent is used for property tax relief. The Texas Legislature gave voters in Texas cities the option of increasing local sales taxes from one cent to one and one-half cent in order to provide property tax relief. Voters in Huntsville approved the sales tax option in August 1987 and the additional one-half cent sales tax began to be collected in January 1988.

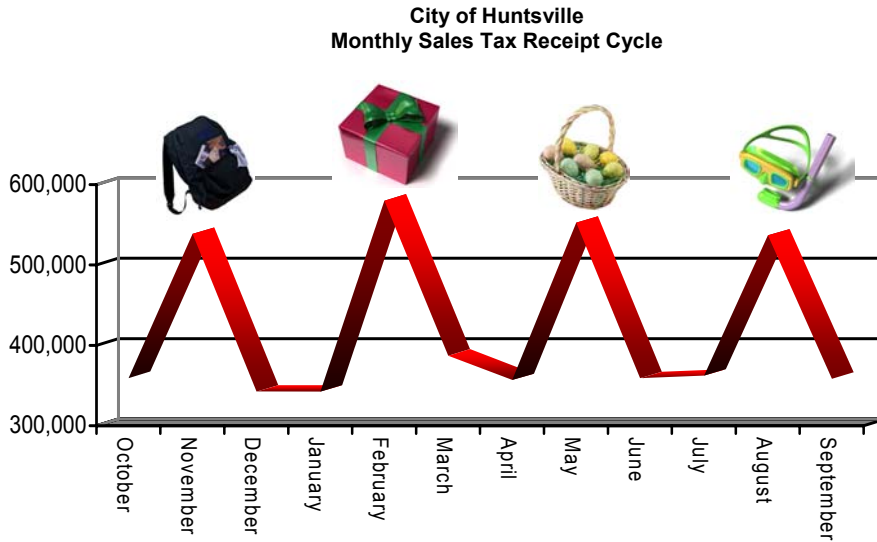
For every dollar of sales tax revenue the city receives, two-thirds is used to support general operating services such as police and fire protection, parks, recreation, and library and one-third goes directly to reduce the property tax rate. The below graph demonstrates the City of Huntsville's use of sales tax revenue:



The preparation of our budget for sales tax revenue begins with a review of Huntsville's historical sales tax revenue collection trends. Because sales tax revenue is somewhat volatile in nature and is dependent on the general economic conditions of the region and nation, the City of Huntsville has traditionally budgeted sales tax revenue conservatively. The average yearly increase in sales tax revenue over the past eight years was 4.6%. However, in fiscal years 01-02 and 02-03, the years immediately following the terrorist attacks of September 11, 2001, the average increase in sales tax revenue was just 1.3%. In line with the historical average increase and Huntsville's traditional conservative budgeting approach, the fiscal year 06-07 sales tax revenue budget was increased by 4.4%. The below graph shows the actual sales tax revenue received by the City of Huntsville over the past eight years and the revenue budgeted for fiscal year 06-07:

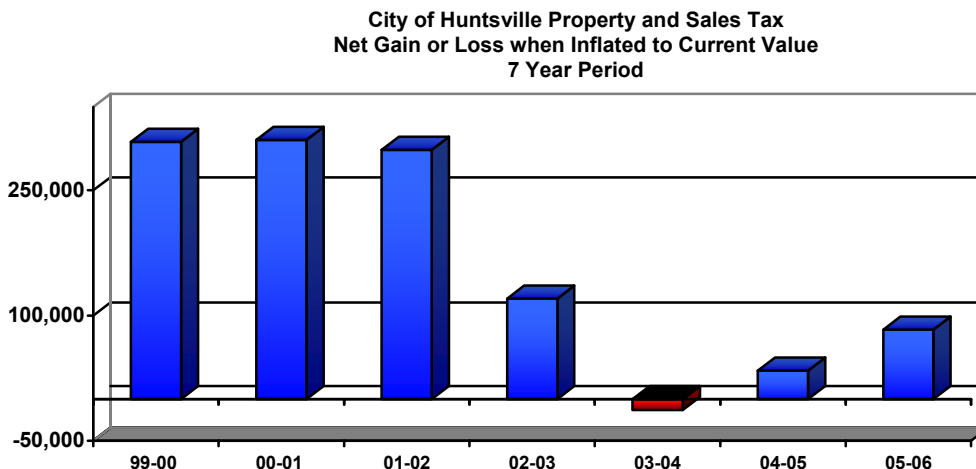


The fact that sales tax revenue is closely associated with the general economy is easily observed when examining the monthly sales tax revenue collection trends. Sales tax revenue receipts climb sharply in months following traditionally active retail seasons such as Christmas, Easter, back-to-school, and the start of summer travel. The graph on the following page demonstrates the cyclic nature of sales tax and its close association with the general economy: (note: the City of Huntsville's receipt of sales tax revenue lags approximately two months behind the date of actual sale.)



Sales tax revenue is closely associated with the general economy. Huntsville's sales tax receipts increase sharply in months following traditionally active retail seasons.

Sales tax is an extremely important source of revenue for the City of Huntsville. Because of Huntsville's relatively low property tax base, the rising cost of providing city services due to inflation, and the fact that adopting the effective property tax rate means you collect the same amount of property tax revenue as in the prior year from existing property, a continuously increasing sales tax revenue stream is an essential component in the success of the City Council's efforts to keep the property tax rates in Huntsville among the lowest in Texas. Inflation causes each revenue dollar Huntsville receives to lose more purchasing power year after year. In order for the City of Huntsville to continue to provide city services at current levels, collecting the same amount of revenue as in the prior year is not sufficient. Enough additional sales tax revenue must be generated in order to keep pace with the inflated cost of providing services to Huntsville citizens and must supplement the loss of purchasing power of static property tax revenue when the effective rate is adopted. To evaluate if Huntsville's sales tax revenue is able to keep pace with the effect of inflation, the net gain or loss of the purchasing power of Huntsville's sales tax revenues and property tax revenues combined must be considered. A net gain indicates that Huntsville's sales tax revenue was able to keep pace with inflation, cover any loss of purchasing power in property tax revenue due to the adoption of the effective rate, and provide additional revenue for general operating purposes. A net loss indicates that Huntsville's sales tax revenue was not able to keep pace with inflation and cover the loss of purchasing power in property tax revenue due to the adoption of the effective rate. The below graph shows the net gain or loss in purchasing power in terms of current dollar value of the property tax revenue and sales tax revenue received by the City of Huntsville over the past seven years:



For the most part, Huntsville's sales tax revenue has been able to keep pace with inflation and cover any purchasing power loss from adoption of the effective property tax rate. However, this ability has drastically declined in recent years.

The below table shows total sales tax revenue received in prior years and sales tax revenue budgeted for fiscal year 06-07 for General Fund:



Sales Tax Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Sales Tax | 4,920,554 | 5,127,306 | 5,076,000 | 5,490,130 | 5,300,000 |
| Total | \$ 4,920,554 | \$ 5,127,306 | \$ 5,076,000 | \$ 5,490,130 | \$ 5,300,000 |



Mixed Drink Taxes

Revenues from mixed drink taxes account for 0.1% of overall city revenues. A tax is assessed on all mixed drinks sold within the city limits of Huntsville. The mixed drink tax revenue budget is prepared based on Huntsville's historical collection trends. The average yearly increase in mixed drink tax revenue over the past eight years was 5%. For the past several years, the City budgeted a flat revenue amount, but actual collections were consistently over budget. From fiscal year 03-04 to 05-06, the average budget to actual variance for mixed drink tax was 21%. The fiscal year 06-07 mixed drink tax budget was increased by 12% from fiscal year 05-06 collections in an attempt to more accurately reflect revenues received.

The below table shows total mixed drink tax revenue received in prior years and mixed drink tax revenue budgeted for fiscal year 06-07 for General Fund:



Mixed Drink Tax Revenue

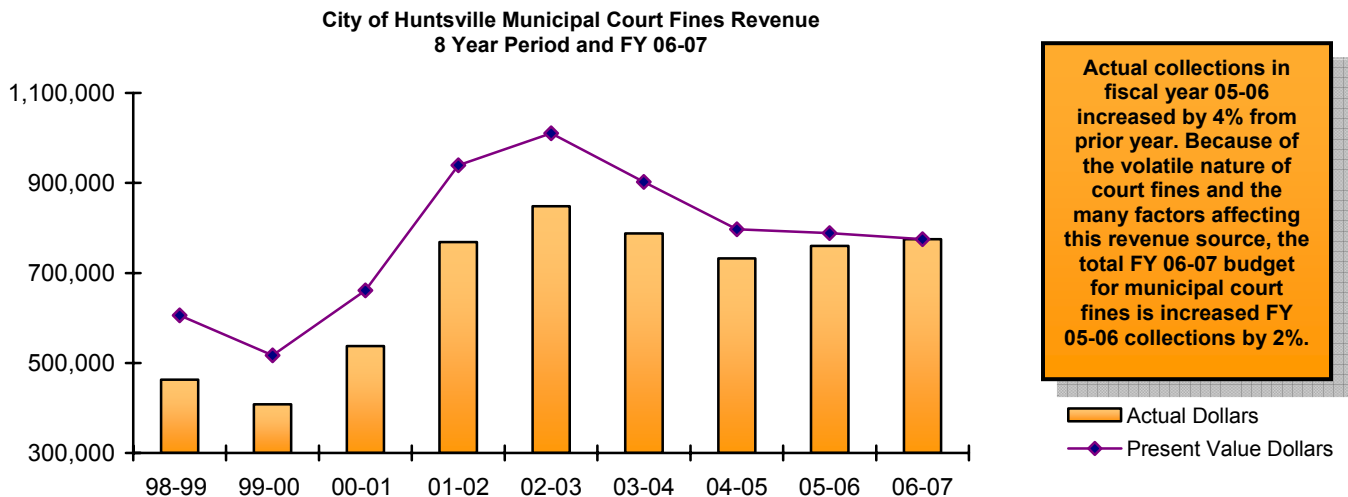
| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|-----------------|------------------|------------------|------------------|--------------------|------------------|
| Mixed Drink Tax | 56,267 | 66,604 | 50,000 | 59,106 | 66,000 |
| Total | \$ 56,267 | \$ 66,604 | \$ 50,000 | \$ 59,106 | \$ 66,000 |



Municipal Court Fines

Revenues from municipal court fines account for 2% of overall city revenues. The City of Huntsville Municipal Court is presided over by the City Judge, who is appointed by the City Council. The Municipal Court handles violations in accordance with State law and City ordinances and collects fines that are established by the City Judge. The City contracts with a commercial collection agency to trace and collect fines that are uncollectible by the Municipal Court.

The preparation of our budget for municipal court fines revenue begins with a review of Huntsville's historical court revenue collection trends. From fiscal years 98-99 to 02-03 court fines increased by 83% but have since experienced a 10% decline from the fiscal year 02-03 high of \$848,237 to estimated actual collections in fiscal year 05-06 of \$759,903. Revenue from municipal court fines is volatile and many factors affect the amount of revenue collected each year by the Court. Staffing levels and vacancies in the police department and prosecutors office affects the number of cases filed and prosecuted each year. Judgments entered and defendant's compliance with court orders also has an affect. During fiscal year 05-06 a marshal position was added and assigned full-time to the Municipal Court. The marshal's ability to serve warrants in a timely manner contributes to a higher level of compliance with court orders. State law allows Texas cities the option of collecting an additional five dollar fine on each conviction in order to offset the cost of salary expense for a juvenile case coordinator position. For fiscal year 06-07 the Huntsville City Council chose to enact the new fine and approved the addition of a juvenile case coordinator position to oversee and maintain case files, court procedures, parent notification and contact for juvenile cases. This new fine will provide approximately \$26,000 in additional court fine revenue and has been included in the revenue budget for this year. Actual collections in fiscal year 05-06 increased by 4% from prior year collections. Given the volatile nature of court fines and the many factors affecting this revenue source, the total fiscal year 06-07 budget for municipal court fines, including the new juvenile case fee, is increased conservatively from fiscal year 05-06 collections by 2%. The below graph shows the actual municipal court fine revenue and the present value of the revenue received by the City of Huntsville over the past eight years and the revenue budgeted for fiscal year 06-07 :



The below table shows total municipal court fines revenue received in prior years and revenue budgeted for fiscal year 06-07 for General, Court Security, and Court Technology Funds:



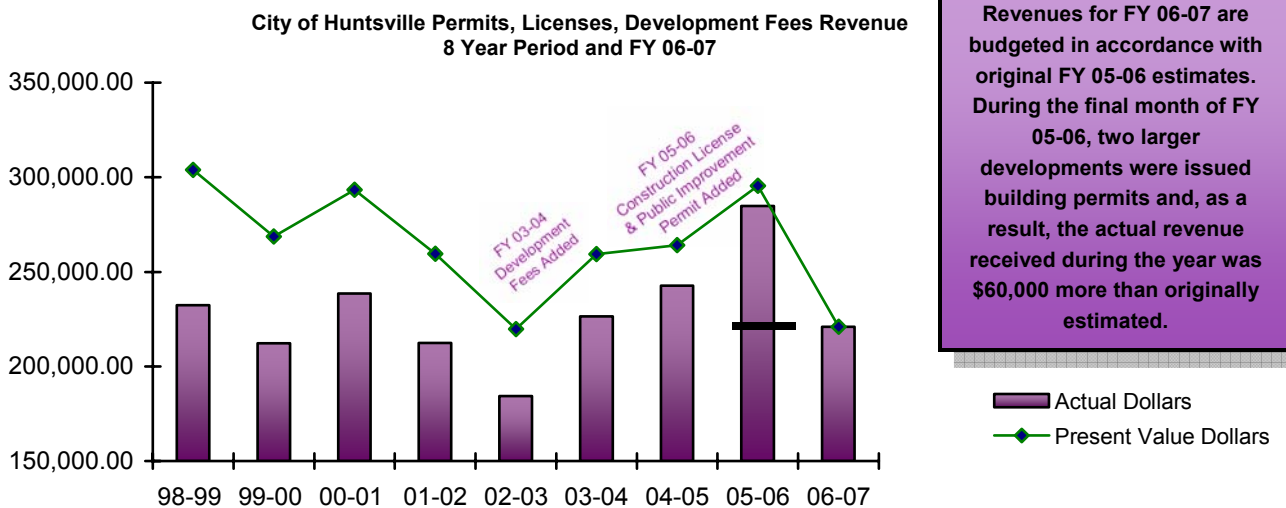
Municipal Court Fine Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Municipal Court Fines | 751,717 | 699,122 | 742,100 | 724,174 | 740,200 |
| Court Security Fines | 15,373 | 15,004 | 15,000 | 15,312 | 15,000 |
| Court Technology Fines | 20,494 | 18,578 | 16,000 | 20,417 | 20,000 |
| Total | \$ 787,584 | \$ 732,704 | \$ 773,100 | \$ 759,903 | \$ 775,200 |



Permits, Licenses, Development Fees

Revenues from permits, licenses, and development fees account for 0.5% of overall city revenues. The City administers various permits, licenses, and development fees. Permits issued by the City include building, electrical, refrigeration, plumbing, wrecker, taxi, food establishment, and public improvement. Licenses including electrical, sign contractors, construction trade, liquor, beer, and wine are monitored by the City. The permits, licenses, and development fee revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from the City's Public Works Department staff. The average yearly increase in revenue from this source over the past eight years was 3.2%. In fiscal year 03-04, fees for development related services were charged for the first time and in fiscal year 05-06, fees for construction trade licenses and public improvement permits were charged for the first time. When the revenue from these additional fees is excluded, the average yearly increase over the past eight years drops to 1.2%. During the preparation period for this year's revenue budget, revenues from permits, licenses, and development fees in the prior fiscal year of 05-06 were estimated at just \$225,000. During the final month of the fiscal year two larger developments were issued building permits and, as a result, the actual revenue received during the year reached nearly \$285,000. Revenues for fiscal year 06-07 are budgeted at \$220,950 in accordance with original prior year revenue estimates. The below graph shows the actual permits, licenses and development fee revenue and the present value of the revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07 :



The below table shows total permits, licenses, and development fee revenue received in prior years and revenue budgeted for fiscal year 06-07 for the General Fund:



Permits, Licenses, Development Fee Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Permits | 195,218 | 216,025 | 212,900 | 251,958 | 186,900 |
| Licenses | 19,133 | 14,141 | 27,675 | 20,120 | 22,900 |
| Development Fees | 12,054 | 12,518 | 13,475 | 12,781 | 11,150 |
| Total | \$ 226,405 | \$ 242,684 | \$ 254,050 | \$ 284,859 | \$ 220,950 |

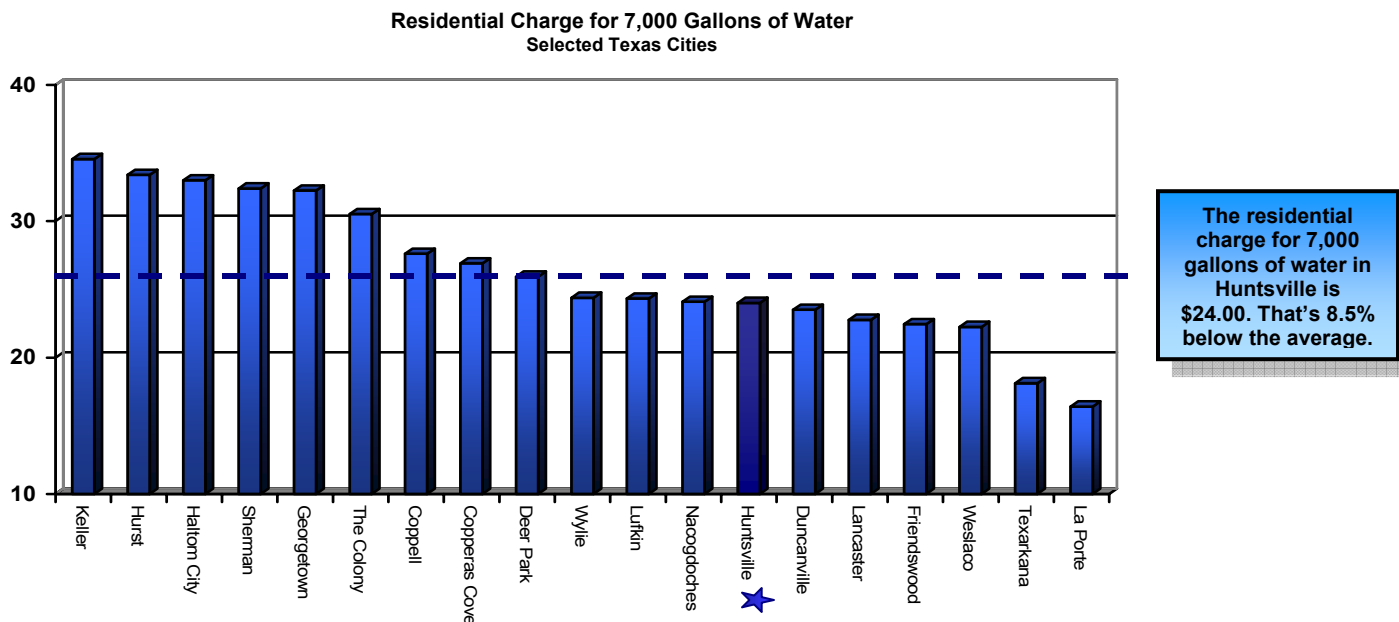


Water Service Charges

Revenues from water service charges account for 22% of overall city revenues. The City of Huntsville provides treatment and distribution of water to the residents, businesses, and visitors of Huntsville as well as for Texas Department of Criminal Justice facilities, Sam Houston State University facilities, and industrial users such as Tenaska. Except for contractual customers, both residential and commercial customers are charged a water rate based on their meter size and amount of water used. There is a minimum bill based on meter size and a volume charge for water used in excess of 3,000 gallons. The rate structure for Tenaska, an electric cogenerating plant, is established by contract. Tenaska pays to the City the amount of annual debt service payments on improvements at the surface water treatment plant that were required in order to provide the quantity of water used by Tenaska. In addition, Tenaska pays a fixed payment of \$450,000 plus the cost of the purchase and treatment of the actual amount of water used. The below table shows the rate schedule for City of Huntsville water service:

| City of Huntsville Water Rates | | | |
|-------------------------------------|--------------|----------------------------------------|--------------------------|
| Minimum Bill Based on Meter Size | | Usage Charges Based on Gallons Used | |
| Meter Size | Rate Charged | Single Family Residential | |
| 0.75 | \$15.00 | Gallons Used | Rate Charged |
| 1.00 | 21.00 | Under 3,000 | See Minimum Bill |
| 1.50 | 27.00 | 3,000-12,999 | \$2.25 per 1,000 gallons |
| 2.00 | 43.50 | Over 13,000 | \$2.64 per 1,000 gallons |
| 3.00 | 165.00 | Commercial | |
| 4.00 | 210.00 | Gallons Used | Rate Charged |
| 6.00 | 315.00 | Under 3,000 | See Minimum Bill |
| 8.00 | 435.00 | Over 3,000 | \$2.64 per 1,000 gallons |

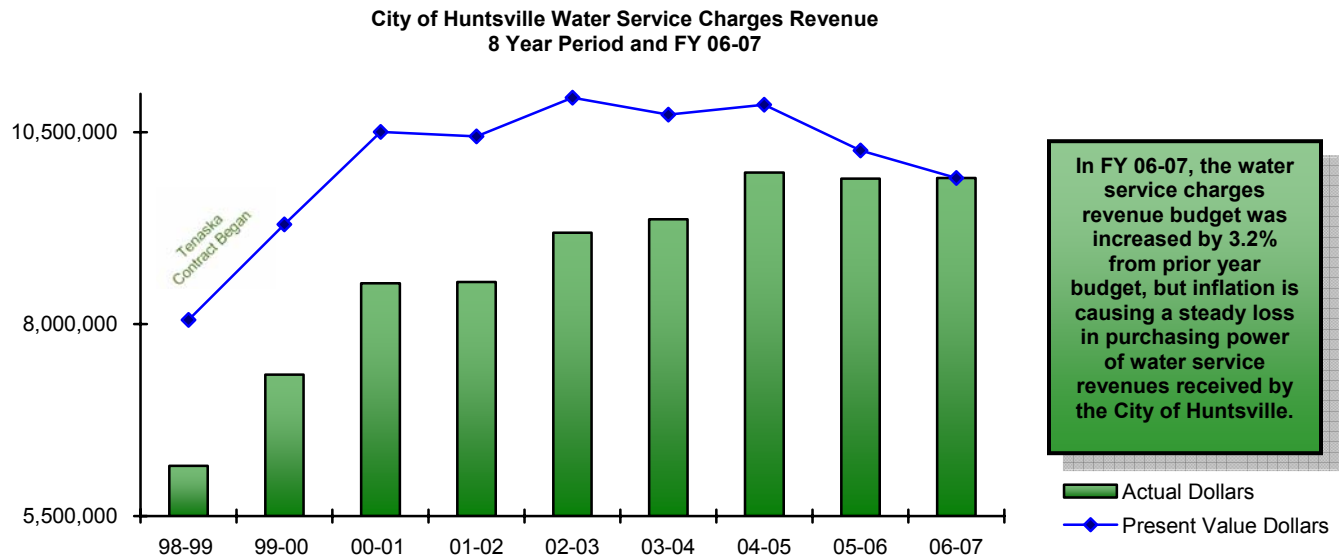
It is a priority of the Huntsville City Council to provide sufficient amounts of high quality water at the lowest rate possible to the citizens and customers of Huntsville. The City Council and City staff have worked diligently to keep water rates in Huntsville low, quantity of water sufficient, and quality of water and service high. The water distributed by the City of Huntsville exceeds all the standards set by the Texas Commission on Environmental Quality (TCEQ) and has been awarded the Superior Water Systems rating by the TCEQ. The City of Huntsville is able to maintain among the lowest water rates in Texas cities similar in population to Huntsville while providing an excellent quality of water and service to Huntsville water customers. The graph on the following page shows the residential costs for 7,000 gallons of water in selected Texas cities with populations between 30,000 and 40,000:



Compared to other Texas cities similar in size, Huntsville's water rates are extremely competitive. The cost for 7,000 gallons of water to a residential customer in Huntsville is \$24 and is 8.5% below the average charge from these cities. The City of Huntsville is able to provide outstanding water service to its customers while maintaining affordable water rates.

The preparation of our budget for water service revenue begins with a review of Huntsville's historical water service revenue collection trends. Because charges for water service are comprised of two components- a minimum base charge and a consumption charge- the water service revenues received by the City of Huntsville are affected not only by the total number of current water customers but also by the amount of water consumed by those customers. As the population of Huntsville grows, so does the demand for and usage of water. But population growth is not the only factor that affects how much water is consumed in Huntsville. The water system in Huntsville supplies water not only to those who live in our city, but also to those who conduct business, attend school, or travel through Huntsville. Weather conditions also affect consumption patterns. During years when rainfall is scarce and temperatures are hot, both water consumption and revenue climb. During years when rainfall is more plentiful, consumption is not as high and less revenue is collected. Because weather conditions are largely unpredictable, the City of Huntsville budgets water revenue conservatively. The average yearly increase in water service revenue over the past eight years was 8.7%, but the average yearly increase over just the past five years was 3.2%. In line with historical average increases and Huntsville's conservative budgeting approach, water service revenue budget for fiscal year 06-07 was increased by 3.2% from prior year budget.

Although actual revenues from water service are expected to increase from prior year, inflation affects the purchasing power of this revenue source just as it does property tax, sales tax, and all sources of revenue for the City of Huntsville. As inflation rises, the purchasing power of water service revenue falls. The City Council and City staff of Huntsville endeavor to ensure the delivery of high quality water while maintaining low water rates, all while battling against the rising cost of providing service. The graph on the following page shows both the actual and present value of the water service revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07:



The below table shows total water service charges revenue received in prior years and revenue budgeted for fiscal year 06-07 for the Water Fund:



Water Service Charges Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Water Sales | 8,710,404 | 9,856,526 | 9,474,416 | 9,786,855 | 9,804,416 |
| Water Taps | 91,607 | 63,254 | 75,000 | 55,344 | 48,000 |
| Late Payment Penalties | 22,708 | 56,857 | 45,000 | 52,735 | 50,000 |
| Total | \$ 8,824,718 | \$ 9,976,636 | \$ 9,594,416 | \$ 9,894,934 | \$ 9,902,416 |



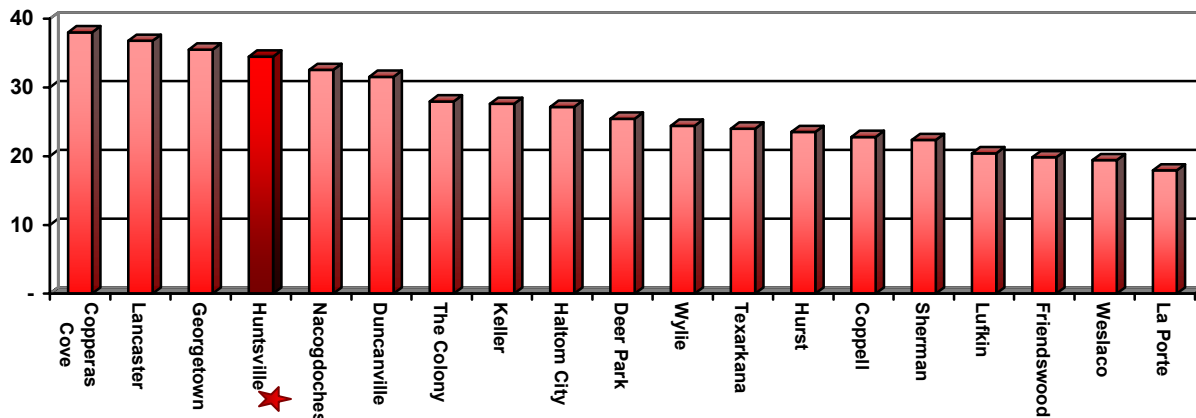
Wastewater Service Charges

Revenues from wastewater service charges account for 17% of overall city revenues. The City of Huntsville provides the collection and treatment of wastewater for the residents, businesses, and visitors of Huntsville as well as for Texas Department of Criminal Justice facilities and Sam Houston State University facilities. Because wastewater usage is not metered, charges for wastewater service are based on water usage. Water that is flushed and drained enters the City of Huntsville's wastewater system and is treated in one of Huntsville's wastewater treatment plants. Both residential and commercial customers are charged a wastewater rate that includes a minimum base bill and a consumption charge for amount of water used. For residential customers, the consumption charge is based on the average volume of water used in the winter months of November, December, January, and February in order to adjust for seasonal water usage for outdoor irrigation purposes. For commercial customers the consumption charge is based on actual volume of water used each month. The table on the following page shows the rate schedule for City of Huntsville wastewater service:

| City of Huntsville Wastewater Rates | |
|------------------------------------------|--------------------------|
| Minimum Bill | |
| Customer Type | Rate Charged |
| Residential | \$15.00 |
| Commercial | 15.00 |
| Usage Charges | |
| Based on Gallons Water Used | |
| Single Family Residential and Commercial | |
| Gallons Used | Rate Charged |
| Under 2,000 | See Minimum Bill |
| Over 2,000 | \$4.87 per 1,000 gallons |

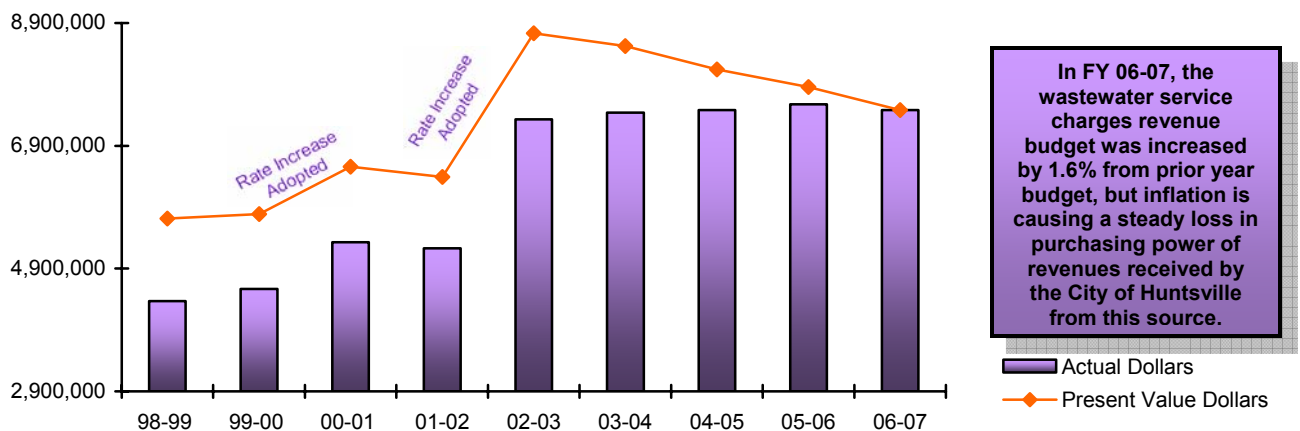
The Huntsville City Council is committed to providing high quality service to its citizens at the lowest possible cost. Huntsville's beautiful topography of seven hills and seven streams creates a stunning natural setting enjoyed by those who call Huntsville home, but it also causes wastewater service in Huntsville to be more expensive than most other similarly populated cities in Texas. Wastewater collection systems consist of buried pipelines that transport sewage to a wastewater treatment plant where it is treated to reduce the level of contaminants it contains. Whenever possible wastewater systems employ the force of gravity to transport sewage from homes and businesses to centralized treatment plants, but gravity cannot cause sewage to flow uphill. When a wastewater line reaches the base of a hill a lift station must be installed to "lift" sewage to a higher elevation where it can then continue to flow by gravity to the treatment plant. The topography of a community is a major factor in determining the number of lift stations that must be used. Communities with many hills such as Huntsville require many lift stations to be operated as part of the wastewater collection system and as a result the cost of wastewater service is higher. The City of Huntsville operates 27 lift stations as part of the wastewater collection system, but the average number of lift stations operated by Texas cities similar in population is just 17. The number of wastewater treatment plant facilities a city must operate also effects wastewater service costs. When a treatment facility nears its daily flow capacity, a city must construct another treatment facility or expand an existing facility. The debt resulting from expansion of treatment capacity contributes to higher wastewater service costs. Along with infrastructure considerations, many additional factors must be taken into account when comparing the costs of wastewater service among cities. Methods of calculating sewer charges vary from city to city and caution must be used to ensure the comparison is not skewed. Minimum base costs, gallons included in minimum, consumption charges per gallon, and whether or not a city practices winter averaging must be considered when performing a comparison. The graph on the following page shows the residential costs for wastewater service in selected Texas cities with populations between 30,000 and 40,000. (Because using a winter averaging method typically reduces the amount of gallons of wastewater a Huntsville customer is billed for on an annual basis to at least 80% of actual annual water consumption, the cities who use actual water consumption are based on 7,000 gallons of water usage and cities who use a winter averaging method are based on 80% of that volume.)

Residential Charge for Wastewater
(Includes Storm Drainage Charges)
Selected Texas Cities



The preparation of our budget for wastewater service revenue begins with a review of Huntsville's historical wastewater service revenue collection trends. Charges for wastewater service are comprised of two components- a minimum charge and a consumption charge based on the amount of water used. Wastewater consumption is calculated from water usage. Wastewater service revenue, like water service revenue, is affected by total current wastewater customers and also by amount of water consumed by those customers. Although wastewater revenue trends and water revenue trends are related, significant differences do exist between them. Not all City of Huntsville water customers are also served by our wastewater system. Additionally, residential customers are charged a wastewater rate based on average winter water usage, so hot and dry weather conditions have a lesser impact on wastewater revenues than they do on water revenues. The average yearly increase in wastewater service revenue in fiscal years 98-99 through 05-06 was 10.5%. In both fiscal year 00-01 and 02-03, wastewater rate increases were adopted and resulted in significant revenue increases. The average yearly increase since the last wastewater rate increase in fiscal year 02-03 was just 1.1%. Prior year actual wastewater collections exceeded budget by 2.9%. In line with historical average increases and Huntsville's conservative budgeting approach, the wastewater service revenue budget for fiscal year 06-07 was increased by 1.6% from the prior year budget. The increases in wastewater service revenue over the past several years have been outpaced by inflation and the rising costs of providing municipal services. Each year the purchasing power of this revenue source declines as inflation rises, but the City Council and City staff continue to provide excellent service with fewer resources. The below graph shows both the actual and present value of the wastewater service revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07:

City of Huntsville Wastewater Service Charges Revenue
8 Year Period and FY 06-07



The below table shows total wastewater service charges revenue received in prior years and revenue budgeted for fiscal year 06-07 for the Wastewater Fund:



Wastewater Service Charges Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Wastewater Charges | 7,366,415 | 7,376,575 | 7,300,000 | 7,468,551 | 7,375,000 |
| Wastewater Taps | 47,019 | 40,507 | 50,000 | 45,119 | 45,000 |
| Late Payment Penalties | 27,446 | 65,025 | 12,605 | 60,012 | 60,000 |
| Total | \$ 7,440,880 | \$ 7,482,107 | \$ 7,362,605 | \$ 7,573,682 | \$ 7,480,000 |



Solid Waste Service Charges

Revenues from solid waste service charges account for 8% of overall city revenues. The City of Huntsville provides the collection and disposal of solid waste for the residents and businesses of Huntsville. Residential customers in single family dwellings are charged \$15.81 per month for these services and have their waste collected twice per week. Commercial rates are based on the size of the container and number of times waste is collected each month. In addition to Huntsville residents and businesses, the City also provides the disposal of solid waste for the Texas Department of Criminal Justice, Sam Houston State University, and areas throughout Walker County. The City of Huntsville operates a transfer station facility and transfers solid waste to the Polk County Solid Waste Management Center for disposal. The City of Huntsville charges a disposal fee based on tonnage of waste brought to the transfer facility.

Unlike the majority of Texas cities with populations between 30,000 and 40,000, Huntsville still collects residential solid waste manually. Many other cities either have an automated collection system or contract the collection service out to a private company. Although a manual collection system allows for a unique level of personalized service, manual collection is much more labor intensive and costly. The table on the following page shows the residential costs for solid waste service and the type of service provided by selected Texas cities with populations between 30,000 and 40,000:

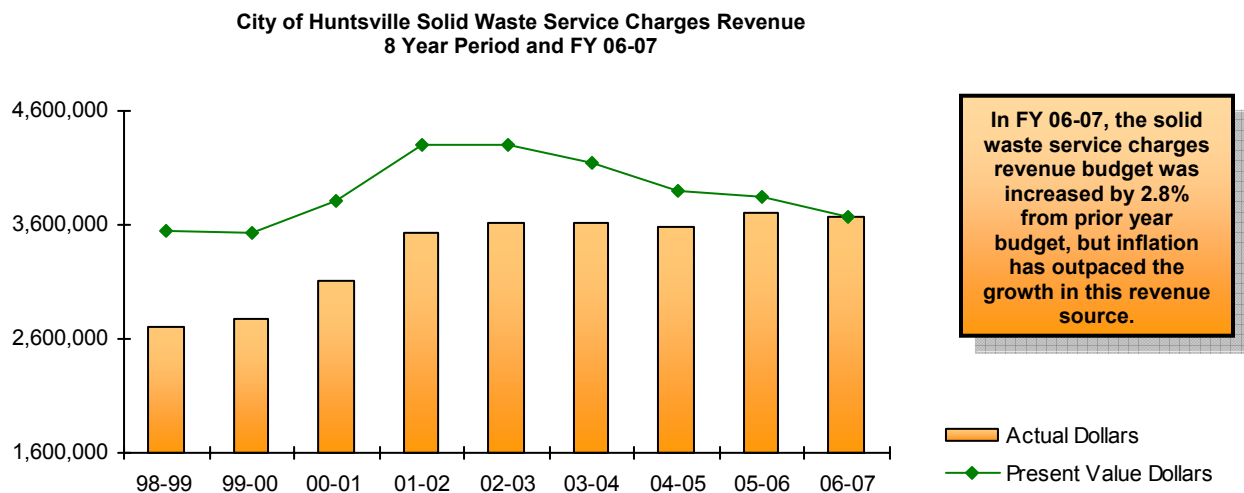
Residential Charge for Solid Waste Service Selected Texas Cities

| 1 Garbage Collection Per Week | | 2 Garbage Collections Per Week | |
|-------------------------------------------------------|----------------|----------------------------------------------------|--------------------------|
| City Name | Monthly Charge | City Name | Monthly Charge |
| Automated Collection Service Performed by City | | Manual Collection Service Performed by City | |
| Nacogdoches | 22.78 | Huntsville | 15.81 |
| Lufkin | 14.48 | La Porte | 15.50 |
| Sherman | 10.70 | Deer Park | Included in Property Tax |
| Collection Service Contracted Out | | Collection Service Contracted Out | |
| Copperas Cove | 13.00 | Texarkana | 15.88 |
| Georgetown | 12.95 | Coppell | 13.89 |
| Wylie | 11.30 | Friendswood | 9.93 |
| Duncanville | 11.29 | Keller | 9.65 |
| The Colony | 9.63 | Hurst | 9.01 |
| Lancaster | 9.27 | Haltom City | 8.17 |



The City Council is committed to providing high quality service at the lowest possible cost and strives to balance the benefits of manual service provision with the higher costs it brings. As a part of this effort the City Council is considering a range of options including continuing with the current manual collection service or changing to an automated or contracted collection system in order to possibly lower costs.

The preparation of our budget for solid waste service revenue begins with a review of Huntsville's historical solid waste service revenue collection trends. The average yearly increase in solid waste service revenue over the past eight years was 5.2%, but the average yearly increase over the past five years was 1.2%. In accordance with historical increases, Huntsville's conservative budgeting approach, and a new contract with Texas Parks and Wildlife for collection of waste at Huntsville State Park, the solid waste service revenue budget for fiscal year 06-07 was increased by 2.8% from the prior year budget. Like water and wastewater service revenue, the increases in solid waste service revenue over the past several years have been outpaced by inflation. The below graph shows both the actual and present value of the solid waste service revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07:



The below table shows total solid waste service charges revenue received in prior years and revenue budgeted for fiscal year 06-07 for the Solid Waste Fund:



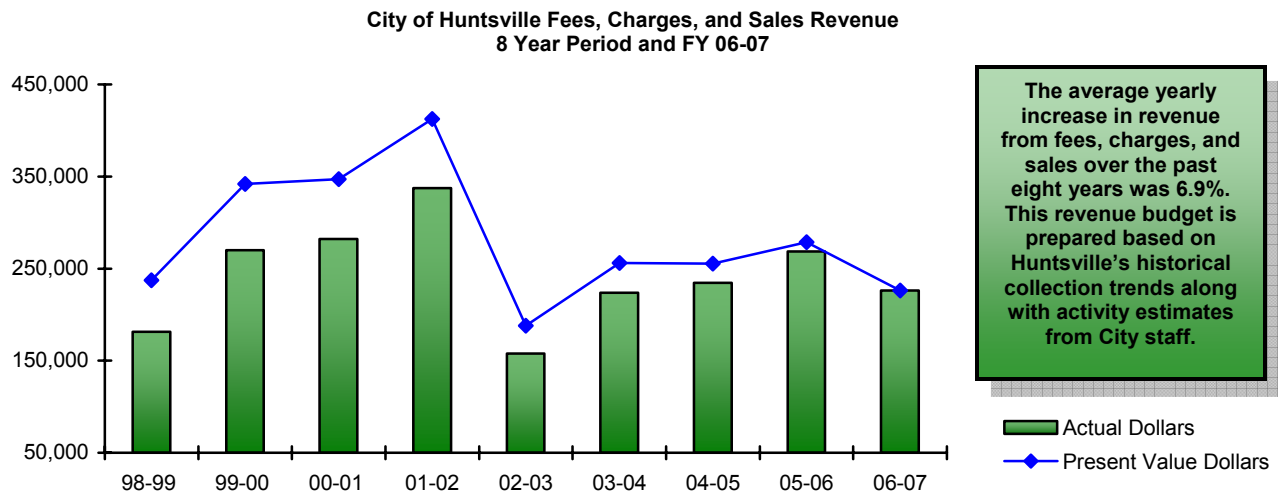
Solid Waste Service Charges Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Residential Collections | 1,305,759 | 1,282,245 | 1,280,000 | 1,295,265 | 1,280,000 |
| Commercial Collections | 1,679,325 | 1,615,419 | 1,601,846 | 1,665,840 | 1,675,000 |
| Disposal Fees | 617,509 | 652,392 | 650,240 | 699,945 | 675,000 |
| Late Payment Penalties | 16,716 | 39,525 | 37,000 | 39,168 | 39,000 |
| Total | \$ 3,619,309 | \$ 3,589,580 | \$ 3,569,086 | \$ 3,700,217 | \$ 3,669,000 |



Fees, Charges, Sales

Revenues from fees, charges, and sales account for 0.5% of overall city revenues. The City collects fees and charges for certain services in order to partially offset the cost of providing and administering these services. These fees and charges include such things as passport fees, park rental fees, recreation program and aquatic center fees, library fees, returned check charges, and utility service connection and reconnection charges. The fees, charges, and sales revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from City staff. In General Fund, fees from passport applications have increased by over 50% from fiscal year 02-03 through fiscal year 05-06 and are expected to continue to climb. The fiscal year 06-07 budget for General Fund includes \$30,000 of revenue expected from the new aquatic center in anticipation of the first season of operation. In Water and Wastewater Funds, utility service reconnections fees are expected to decline following implementation of stricter timelines regarding service disconnections for nonpayment. The average yearly increase in revenue from fees, charges, and sales over the past eight years was 6.9%. In line with historical average increases and Huntsville's conservative budgeting approach, the fees, charges, and sales revenue budget for fiscal year 06-07 was increased by 6.6% from the prior year budget. The below graph shows both the actual and present value of the fees, charges, and sales revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07:



The below table shows total fees, charges, and sales revenue received in prior years and revenue budgeted for fiscal year 06-07 for the General, Special Revenue, and Enterprise Funds:



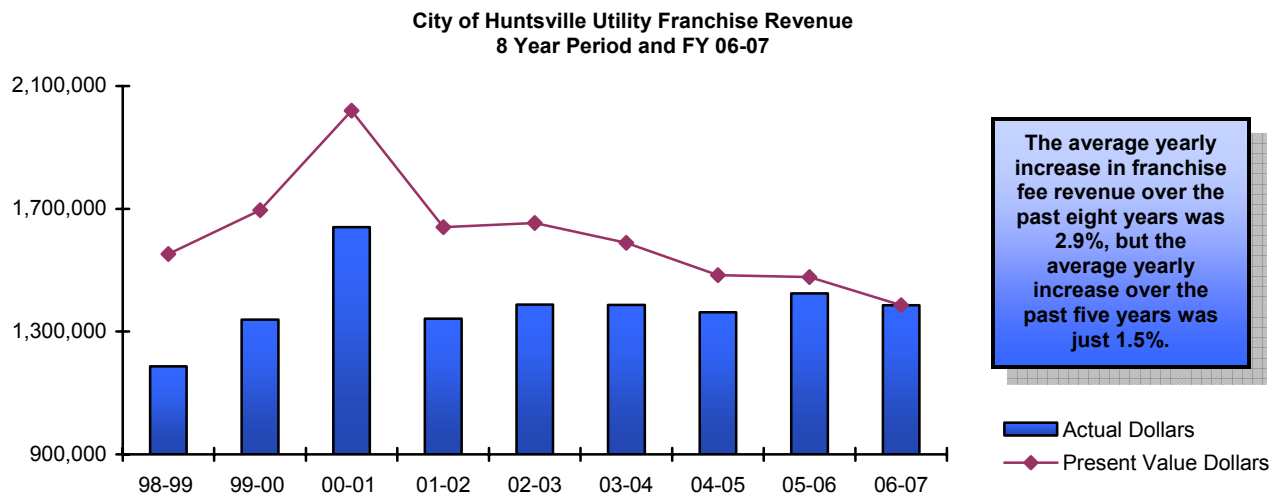
Fees, Charges, Sales Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|-----------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| General Fund | 97,672 | 78,921 | 92,000 | 102,200 | 114,050 |
| Special Revenue Funds | 35,427 | 49,909 | 33,200 | 60,352 | 39,200 |
| Water Fund | 46,409 | 67,127 | 39,000 | 64,786 | 45,000 |
| Wastewater Fund | 28,779 | 12,890 | 24,109 | 29,752 | 12,000 |
| Solid Waste Fund | 2,613 | 1,086 | 1,000 | 1,105 | 1,000 |
| Cemetery Fund | 12,713 | 24,732 | 23,000 | 10,470 | 15,000 |
| Total | \$ 223,613 | \$ 234,665 | \$ 212,309 | \$ 268,665 | \$ 226,250 |



Utility Franchise Fees

Revenues from utility franchise fees account for 3% of overall city revenues. The City of Huntsville collects franchise fees from utility companies and allows them to place facilities (i.e. poles and wires) on public property (i.e. rights-of-way/easements). Utilities companies such as electrical providers, gas providers, telephone providers, and telecable providers which utilize public rights-of-ways in the City of Huntsville pay a franchise fee. The preparation of our budget for utility franchise fee revenue begins with a review of Huntsville's historical franchise fee revenue collection trends. The average yearly increase in revenue from this source over the past eight years was 2.9%, but the average yearly increase over the past five years was just 1.5%. Franchise fee collection from electric providers has increased an average of 2.8% each year since fiscal year 02-03 and the fiscal year 06-07 electric franchise revenue budget has been increased by \$25,000. Franchise fee collection from telephone providers has declined an average of 5% each year since fiscal year 02-03 and the fiscal year 06-07 telephone franchise revenue budget has been decreased by \$50,000. The fiscal year 06-07 revenue budget for gas and telecable franchise fees remain the same as prior year. The below graph shows both the actual and present value of the utility franchise fee revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07:



The below table shows total utility franchise fee revenue received in prior years and revenue budgeted for fiscal year 06-07 for the Street Special Revenue Fund:



Utility Franchise Fees Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Electric | 806,852 | 816,192 | 805,000 | 861,313 | 830,000 |
| Telephone | 272,319 | 255,480 | 290,000 | 242,455 | 240,000 |
| Gas | 116,489 | 100,696 | 125,000 | 110,831 | 125,000 |
| Telecable | 191,226 | 190,904 | 191,000 | 209,720 | 191,000 |
| Total | \$ 1,386,886 | \$ 1,363,271 | \$ 1,411,000 | \$ 1,424,319 | \$ 1,386,000 |



Right-of-Way Maintenance

Revenues from right-of-way maintenance charges account for 1.5% of overall city revenues. The City of Huntsville's Water, Wastewater, and Solid Waste Funds pay the Street Special Revenue Fund a portion of their revenues in order to offset the Street Fund's cost of maintaining the public streets and right-of-ways for use in operating the Water, Wastewater, and Solid Waste utilities. The City's water and wastewater transmission lines are located in City streets and right-of-ways and it is important that they be maintained in manner that ensures the City's infrastructure investment is protected and can be accessed for maintenance, repair, and replacement when needed. Well-maintained streets and right-of-ways also ensure that City staff is able to provide high quality service to citizens and utility customers. The right-of-way maintenance revenue budget is prepared based on Water, Wastewater, and Solid Waste fund revenue budgets. The Street Fund receives 3.5% of Water and Wastewater Fund's budgeted revenue and 3.0% of Solid Waste Fund's budgeted revenue.

The below table shows total right-of-way maintenance revenue received in prior years and revenue budgeted for fiscal year 06-07 for the Street Special Revenue Fund:



Right-of-Way Maintenance Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|----------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Charge to Water Fund | 125,000 | 217,500 | 302,566 | 302,566 | 366,009 |
| Charge to Wastewater Fund | 136,000 | 219,000 | 226,215 | 226,215 | 272,144 |
| Charge to Solid Waste Fund | 70,000 | 108,375 | 108,243 | 108,243 | 112,074 |
| Total | \$ 331,000 | \$ 544,875 | \$ 637,024 | \$ 637,024 | \$ 750,227 |



Grants, Reimbursements, Contributions

Revenues from grants, reimbursements, and contributions account for 2% of overall city revenues. The City of Huntsville receives grants and contributions from various sources, for various purposes, and in various amounts. The reimbursement and contribution revenue budget is prepared conservatively based on Huntsville's historical collection trends and estimates from City staff. The grant revenue budget is prepared based on grants awarded to the City, grants applied for by the City, and City staff's knowledge of any upcoming grants for which the City may apply. Every effort is made to include all grants that can reasonably be anticipated, but given the nature of grant announcements and cycles, occasionally the budget must be amended during the year to provide for grants that are sought or received that were not included in the original budget. The table on the following page list the grants included in the fiscal year 06-07 operating budget:

FY 2006-2007 Budgeted Grants

Operating Funds

In Application Stage

| Grant Source | Use of Funds | Grant Amount | Match Required |
|---------------------------------|------------------------------|--------------|----------------|
| 2006 SAFER Grant | Additional Fire Personnel | 100,240 | 11,136 |
| 2006 Fire Grant | Bunker Gear | 62,923 | 7,077 |
| Texas Forest Service | Various Equipment & Training | 25,000 | 10,000 |
| Office of National Drug Control | Computer Equipment | 11,785 | - |
| RAMP/TxDOT | Routine Airport Maintenance | 5,000 | 5,000 |

Grants Received

| Grant Source | Use of Funds | Grant Amount | Match Required |
|--------------------------------|------------------------------------|--------------|----------------|
| 2006 JAG Grant/DOJ | Law Enforcement Equipment | 10,234 | - |
| 2006 Secure Our Schools/DOJ | School Safety Programs and Officer | 40,000 | 2,500 |
| 2007 TX STEP | Tobacco Programs | 4,000 | - |
| TCLEOS Training Grant | Police Training | 4,040 | - |
| Loan Star Libraries Grant | Library Related Purchases | 8,947 | - |
| Houston-Galveston Area Council | Heavy Brush Solid Waste Truck | 175,288 | - |
| Houston-Galveston Area Council | Plant and Lift Stations Generators | 350,000 | 70,000 |

The below table shows total grants, reimbursements, and contributions revenue received in prior years and revenue budgeted for fiscal year 06-07 for all operating funds:

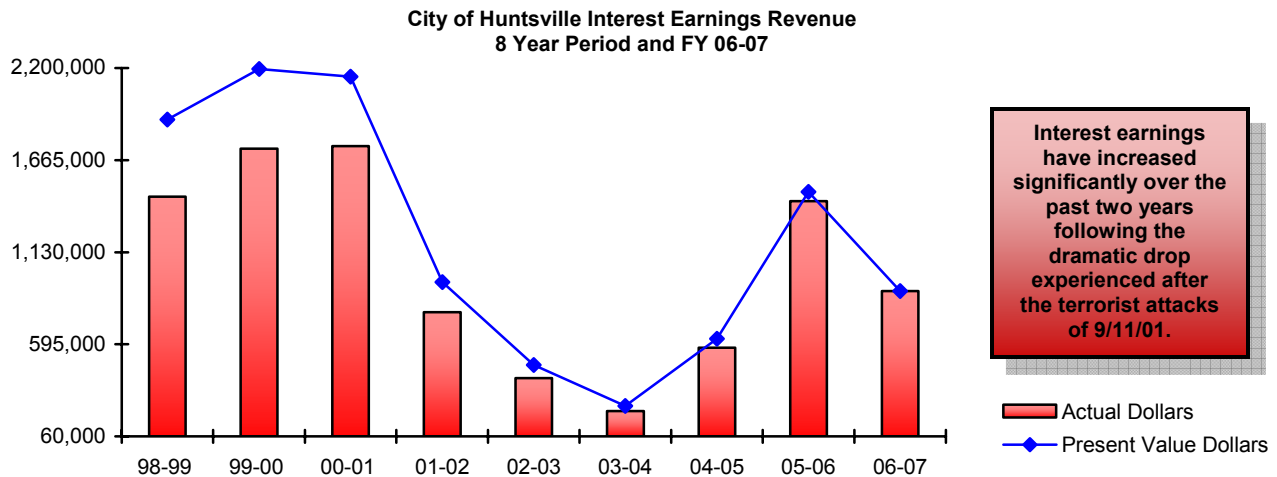
Grants, Reimbursements, Contributions Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|----------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Grants | 344,136 | 578,608 | 145,732 | 107,613 | 797,457 |
| Reimbursements | 77,175 | 109,114 | - | - | - |
| Contributions | 42,647 | 44,277 | 13,000 | 49,416 | 5,804 |
| Total | \$ 463,958 | \$ 731,999 | \$ 158,732 | \$ 157,029 | \$ 803,261 |

Interest Earnings

Revenues from interest earnings account for 2% of overall city revenues. The City of Huntsville earns interest on invested funds. The City of Huntsville must invest funds according to the Texas Public Funds Investment Act. The interest earnings revenue budget is prepared based on City financial staff's and advisor's analysis of interest rates, historical trends and projection of amount of funds to be invested. A conservatively projected interest rate was applied to the average fund balance over the past several years and compared to expected fiscal year 05-06 collections.

During the years immediately following the terrorist attacks of September 11, 2001, interest rates decreased dramatically, but over the past two years interest rates have risen significantly. The below graph shows both the actual and present value of the interest earnings revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07:



The below table shows total interest earnings revenue received in prior years and revenue budgeted for fiscal year 06-07 for all operating funds:

Interest Earnings Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| Interest Earnings | 207,060 | 575,640 | 306,394 | 1,427,321 | 903,750 |
| Total | \$ 207,060 | \$ 575,640 | \$ 306,394 | \$ 1,427,321 | \$ 903,750 |

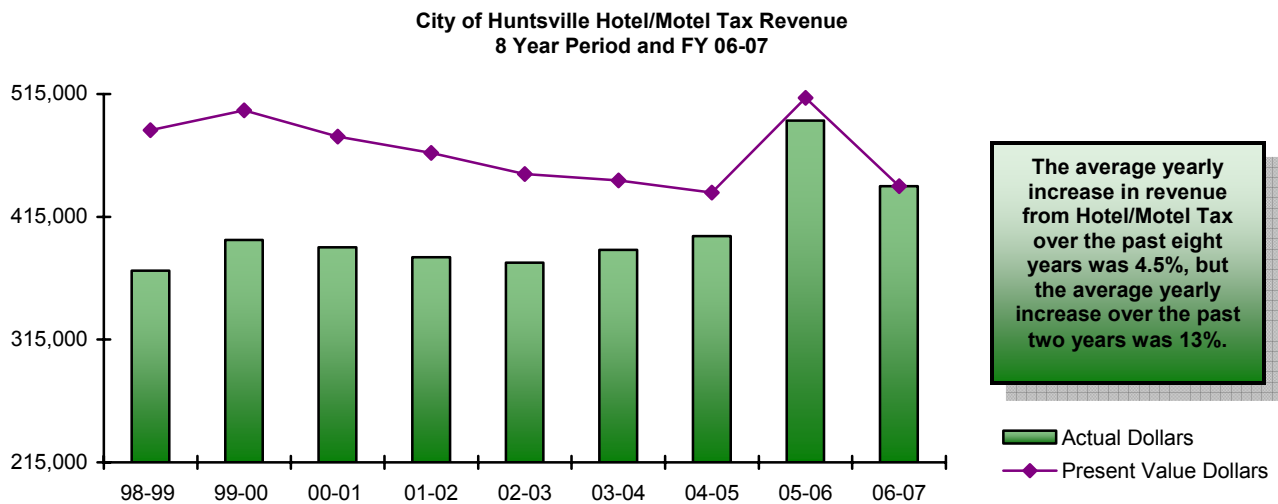


Hotel/Motel Taxes

Revenues from hotel/motel taxes account for 1% of overall city revenues. The Tax Code allows most cities the option of levying an occupancy tax of up to 7% on the price of a hotel or motel room. Texas counties are also authorized to adopt a tax amount between 2% and 7% of the amount paid for a hotel room and the State of Texas imposes a hotel occupancy tax of 6%. Unlike the local sales tax, the hotel occupancy tax is optional and can be imposed without the approval of voters. Under the law, local government proceeds from this tax must be earmarked for certain specified purposes, including the advertising and promotion of the city and its vicinity to attract tourism, arts and cultural activities, historical restoration and preservation activities, registration of convention delegates, operation of visitor information centers, the construction of civic centers and auditoriums, and sporting events.

Two questions must be answered to determine if a proposed use for the hotel occupancy tax is valid. First, does the expenditure directly enhance and promote tourism and the convention and hotel industry? In other words, does it put “heads in beds”? Secondly, does the expenditure fall under one of the six statutory categories for expenditures of these revenues? The six categories are as follows: funding the establishment, improvement, or maintenance of a convention center or visitor information center; paying the administrative costs for facilitation convention registration; paying for tourism-related advertising and promotions of the city or its vicinity; funding programs which enhance the arts; funding historical restoration or preservation programs; and funding for sporting events in a county under 290,000 in population. Texas statutes include additional rules regarding the actual percentages of the hotel occupancy tax revenue that can be spent on each of these six categories. These rules, however, differ depending on the population of the city. The hotel occupancy tax cannot be used for general revenue purposes or to pay for expenses that are not directly related to the promotion of tourism.

The hotel/motel tax revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from the City staff and financial consultants. The average yearly increase in revenue from this source over the past eight years was 4.7%, but the average yearly increase over the past two years was 13.6%. In accordance with historical average increases, the City of Huntsville's conservative budgeting approach, and input from the City's financial advisors hotel/motel tax revenue budget for fiscal year 06-07 were increased by 12% from the prior year budget. The below graph shows both the actual and present value of the hotel/motel tax revenue received by the City of Huntsville over the past eight years as well as the revenue budgeted for fiscal year 06-07:



The below table shows total hotel/motel tax revenue received in prior years and revenue budgeted for fiscal year 06-07 for the Hotel/Motel and Arts Center Funds:



Hotel/Motel Tax Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|--------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| H/M Tax- Arts | 55,427 | 57,055 | 56,000 | 70,490 | 60,000 |
| H/M Tax- Tourism | 166,281 | 171,171 | 169,000 | 211,470 | 190,000 |
| H/M Tax- Visitors Center | 166,282 | 171,171 | 167,000 | 211,471 | 190,000 |
| Total | \$ 387,989 | \$ 399,397 | \$ 392,000 | \$ 493,432 | \$ 440,000 |



Intergovernmental Payments

Revenues from intergovernmental payments received account for 1% of overall city revenues. The City of Huntsville receives payments from Walker County and Huntsville Independent School District for public safety related services. Walker County contracts with the City for fire protection services and the Huntsville Independent School District contracts with the City for the operation of the School Resource Officer program. The intergovernmental payments revenue budget is prepared based on Huntsville's payment amount agreements included in the respective contracts.

The below table shows total intergovernmental payments revenue received in prior years and revenue budgeted for fiscal year 06-07 for the General and School Resource Officer Funds:



Intergovernmental Payments Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Walker County Payments | 246,487 | 246,487 | 246,487 | 246,487 | 246,487 |
| HISD Payments | 226,500 | 224,000 | 224,000 | 246,282 | 224,000 |
| Total | \$ 472,987 | \$ 470,487 | \$ 470,487 | \$ 492,769 | \$ 470,487 |



Health Insurance Payments

Revenues to the Insurance Fund from City and employee health insurance payments account for 5.5% of overall city revenues. Of the 5.5%, 4.5% consists of payments from City funds for the City's portion of the cost of providing city employee and retiree health insurance which includes medical, dental and life insurance. 1% consists of payments from city employees and retirees for their portion of the cost of their health insurance. The preparation of our budget for health insurance payments revenue begins with the receipt of health plan proposals from the City's benefits consulting company. Payment amounts are set at the appropriate level to provide adequate funding for the City's health plan. Payment amounts for the City's portion are calculated per full-time employee and were increased by 15% in fiscal year 06-07 to cover increasing health insurance costs and to help return the Medical Insurance Fund to sound operating condition. Payments amounts for employees and retirees are based on the coverage option they choose.

The below table shows total health insurance payments revenue received in prior years and revenue budgeted for fiscal year 06-07 for the Medical Insurance Fund:



Health Insurance Payments Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| City Fund Payments | 1,943,771 | 1,434,773 | 1,650,408 | 1,656,072 | 1,943,567 |
| Employee/Retiree Payments | 326,010 | 295,646 | 424,356 | 413,385 | 461,860 |
| Total | \$ 2,269,781 | \$ 1,730,419 | \$ 2,074,764 | \$ 2,069,457 | \$ 2,405,427 |



Administrative Reimbursements

Revenues from administrative reimbursements account for 12% of overall city revenues. Water, Wastewater, Solid Waste, and Street Fund reimburse the General Fund for their portion of the administrative costs. Administrative services are budgeted in the General Fund, but provide management and administrative services for each of these other funds as well. The costs of providing these services are divided among the funds that utilize them. The method of calculation for the allocation of costs is dependent on the nature of the service being provided. The below table shows the different methods of allocation:

FY 2006-2007 Administrative Reimbursements

General Fund

General Administrative Reimbursements

The allocations for the below divisions are based on percent of total adjusted budget in each fund.

- City Council
- City Manager
- City Secretary
- City Attorney
- Risk & Safety Management
- Finance
- Office Services
- Purchasing
- Building Services

Human Resources Reimbursements

The allocations for the below division is based on number of employees in each fund.

- Human Resources

Fleet Administrative Reimbursements

The allocations for the below divisions are based on the value of fleet in each fund.

- Fleet and Warehouse Administration
- Garage Services

Technology Administrative Reimbursements

The allocation for Information Technology administration is based on percent of total adjusted budget in each fund.

The allocation for Information Technology software maintenance is based on the costs of the software and computer applications used by each fund.

Public Works Administrative Reimbursements

The allocations for the below divisions are based on estimates of personnel time usage in each fund.

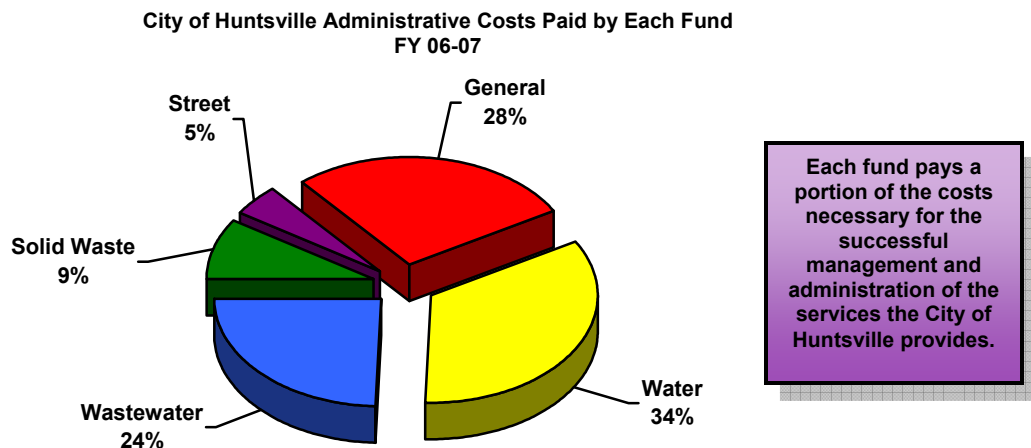
- Public Works Administration
- Planning
- Engineering
- Surveying
- Central Inspection
- Health Inspection

Public Utilities Administrative Reimbursements

The allocations for the below division is based on estimates of personnel time usage in each fund.

- Public Utilities Administration

The below graph shows the portion of General Fund administrative costs paid by each fund in fiscal year 06-07:



In addition to reimbursements to the General Fund, the Enterprise Funds also receive reimbursement for certain services. Water Fund is reimbursed by the Wastewater and Solid Waste Funds for utility billing and meter reading services. Wastewater Fund is reimbursed by the Water Fund for environmental lab services. Street Fund is reimbursed by the Wastewater Fund for drainage maintenance services.

The below table shows total administrative reimbursements revenue received in prior years and revenue budgeted for fiscal year 06-07 for the General, Water, Wastewater, and Street Fund:



Administrative Reimbursement Revenue

| | Actual 03-04 | Actual 04-05 | Adopted 05-06 | Estimated 05-06 | Budget 06-07 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Reimbursements- General | 2,993,567 | 3,696,776 | 4,215,525 | 4,215,525 | 4,653,361 |
| Reimbursements- Water | 232,640 | 376,433 | 397,637 | 397,637 | 311,619 |
| Reimbursements- Wastewater | 53,200 | 56,570 | 55,046 | 55,046 | 55,208 |
| Reimbursements- Street | - | 273,783 | 234,677 | 234,677 | 222,334 |
| Total | \$ 3,279,407 | \$ 4,403,562 | \$ 4,902,885 | \$ 4,902,885 | \$ 5,242,522 |

Summary of Revenue Projection Methods

| Revenue Category | % | Historical/Time Series Trend | Informed/Expert Judgment | Activity Estimates | Contract Terms |
|---------------------------------------------------------------------------------------------------------------------------|-------|------------------------------|--------------------------|--------------------|----------------|
|  Property Taxes | 9.0% | ✓ | ✓ | | |
|  Sales Taxes | 12.0% | ✓ | ✓ | ✓ | |
|  Mixed Drink Taxes | 0.1% | ✓ | ✓ | ✓ | |
|  Municipal Court Fines | 2.0% | ✓ | ✓ | ✓ | |
|  Permits, Licenses, Development Fees | 0.5% | ✓ | ✓ | ✓ | |
|  Water Service Charges | 22.0% | ✓ | ✓ | ✓ | ✓ |
|  Wastewater Service Charges | 17.0% | ✓ | ✓ | ✓ | |
|  Solid Waste Service Charges | 8.0% | ✓ | ✓ | ✓ | ✓ |
|  Fees, Charges, Sales | 0.5% | ✓ | ✓ | ✓ | |
|  Utility Franchise Fees | 3.0% | ✓ | ✓ | ✓ | ✓ |
|  Right-of-Way Maintenance | 1.5% | | | ✓ | |
|  Grants, Reimbursements, Contributions | 2.0% | ✓ | ✓ | ✓ | |
|  Interest Earnings | 2.0% | ✓ | ✓ | ✓ | |
|  Hotel/Motel Taxes | 1.0% | ✓ | ✓ | ✓ | |
|  Intergovernmental Payments | 1.0% | | | | ✓ |
|  Health Insurance Payments | 5.5% | ✓ | ✓ | ✓ | |
|  Administrative Reimbursements | 12.0% | | | ✓ | |

Our Goals and Effectiveness

The City of Huntsville's leadership is intensely committed to our community and exercises great diligence in planning for the future of Huntsville. Through their strategic planning process, the City Council's vision for the long-term future of Huntsville is determined and the goals that will lead to the fulfillment of that vision are established. The City of Huntsville's process of planning and goal setting begins with the citizens. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the citizen survey, the City Council and senior staff engage in strategic planning sessions in order to plan for the future of Huntsville. The plans and goals that result from these sessions guide the entire organization not only in decisions pertaining to special projects and programs, but also in daily operations. Each department of the City seeks to fulfill the City Council's strategic plan and long-term vision for the future of our community through every service they perform. Each City department has outlined their major function and purpose and has aligned themselves with the Council goals over which they have especially significant and vital influence. In order to succeed in the fulfillment of these goals, department staff has identified intermediate operational objectives for the coming year. Department staff has also identified key measures to determine the effectiveness of their services in achieving their purposes, goals, and objectives. When coupled with prior year accomplishments, these objectives and measures help us mark our progress toward the achievement of the City Council's vision for the future of our City.

Our community is currently in the process of developing the Huntsville Horizon Plan, a comprehensive plan for the City of Huntsville. The comprehensive planning process allows citizens a forum to express their vision for the future of Huntsville. This plan will provide vital data and direction to City Council and staff for managing growth and help to bind together various previously conducted studies that will be incorporated as part of the Huntsville Horizons Comprehensive Plan. Once complete, the plan will play a significant role in the development of goals and will guide the Council's yearly strategic planning process.



In order to maintain and enhance the quality of life and the achievement of our vision, the City of Huntsville provides, facilitates and regulates services, facilities and infrastructure for citizens, customers, visitors, businesses and state agencies, in a friendly, efficient, fair, honest and competent manner with quality and forethought.



The City of Huntsville is a community that is beautiful, historic, culturally diverse, affordable, safe, and well planned with great opportunity for our citizens.



Public service is our business and our goal. We believe in commitment - not just to our job, but to our faith, our beliefs, and our family. Our pride in our work and the organization compels us to a high degree of professionalism.

Honesty in all our actions.

United in our commitment to ensure a safe work environment, fair wages and benefits, and opportunities for advancement.

Nurture an environment of cooperation between the city and its citizens.

Teamwork, depending on one another to improve the quality of life.

Service excellence provided at every level in an efficient and economical manner.

Vision of an enriched future, enhanced by encouraging skills, talents, and potential of our employees through training, opportunity, and recognition.

Integrity demonstrated in the treatment of our coworkers and those we serve and protect.

Leadership through communication in a responsive manner, while maintaining a high degree of professionalism.

Loyalty to our faith, our beliefs, and our families.

Embrace the diversity of our employees as the strength of our organization.

City of Huntsville

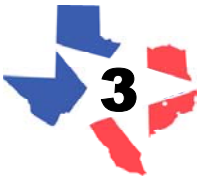
City Council Goal Statements



The City of Huntsville is a safe, healthy and historic community with high quality, affordable housing.



The City of Huntsville is an economically thriving community.



The City of Huntsville is an attractive city with great parks and full of educational and cultural opportunities.












The City of Huntsville is a well-managed and well-planned community with "best in class" public services.

Establishing Our Long-term Goals and Short-term Objectives

Long Term Goals





FY 06-07 Objectives







| | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
|  <p>The City of Huntsville is a safe, healthy and historic community with high quality, affordable housing.</p> |  | Charter Offices |  | Complete and begin implementation of Comprehensive Plan. |
| | | | | Administer effective and impartial justice for citizens in matters related to Class "C" offenses. |
| | | Administrative Services |  | Continue and intensify employee random drug testing program. |
| | | | | Hold collision review board hearing on all automobile accidents involving City fleet. |
| | | Finance Department |  | Assist in researching and installing emergency exits and alarms in necessary City facilities. |
| | | | | Develop Municipal Court Juvenile Case Management Program. |
| | | | | Conduct an amnesty and warrant round-up program. |
| | | Public Works Department |  | Develop in-house collection procedures for Municipal Court outstanding fines and fees. |
| | | | | Identify and complete 6th neighborhood task force area cleanup. |
| | | | | Continue to respond to all permit inspections request within 24 hours. |
| | | | | Continue to respond to all code enforcement complaints within 24 hours. |
| | | | | Reduce the number of health violations found in each food service establishment. |
| | | | | Reduce the number of health reinspections required due to poor initial inspection results. |
| | | | | Increase public education of safe food handling practices. |
| | | | | Continue to respond to all health related complaints within 24 hours. |
| Public Safety Department |  |  |  | Staff newly approved additional Police Lieutenant position. |
| | | | | Begin conversion of Police and Fire radio systems to 800 MHz. |
| | | | | Renegotiate School Resource Officer contract with Huntsville Independent School District. |
| | | | | Implement Code Red emergency notification system. |
| | | | | Train and certify an arson investigator. |
| | | | | Assign personnel to Narcotics Detective position. |
| | | | | Conduct an independent audit of Police Department traffic contact data. |
| | | | | Complete Police Department Quality Assessment. |
| | | | | Begin installation of security boxes at construction sites, schools, and other commercial locations. |
| | | | | Staff additional fire fighter positions upon receipt of possible grant funding. |
| | | | | Complete construction on Fire Station #1 to provide increased fire protection to the west side of Huntsville. |
| | | | | Begin operation of a modular building for Fire Station #2 to house four fire department and emergency medical services employees. |
| | | | | Begin feasibility study for north side fire station. |

Establishing Our Long-term Goals and Short-term Objectives

Long Term Goals

FY 06-07 Objectives






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|  <p>The City of Huntsville is an economically thriving community.</p> |  | Charter Offices |  <p>Complete and begin implementation of Comprehensive Plan.</p> |
| | | | <p>Intensify focus on economic development efforts.</p> |
| | | Community Services Department |  <p>Establish and implement a sustainable downtown business marketing association.</p> |
| | | | <p>Begin the publication of a Main Street Downtown District newsletter.</p> <p>Increase participation in the Main Street Downtown District's Signage Grant Program.</p> |

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|  <p>The City of Huntsville is an attractive city with great parks and full of educational and cultural opportunities.</p> |  | Charter Offices |  <p>Complete and begin implementation of Comprehensive Plan.</p> |
| | | Administrative Services |  <p>Assist in roof repair at Martin Luther King Recreation Center.</p> |
| | | Community Services Department | <p>Evaluate and improve current recreation programming.</p> |
| | | | <p>Explore and create partnership opportunities for recreation programming provision.</p> |
| | | | <p>Increase participation in Texas Amateur Athletic Foundation to provide local sports organizations the opportunity to participate in state tournaments.</p> |
| | | | <p>Construct Eastham-Thomason Park's gazebo, dog park, and nature center.</p> |
| | | | <p>Replace the backstop at Thomas Henry Ball Field.</p> |
| | | | <p>Complete irrigation system for Field 10 at Kate Barr Ross Park.</p> |
| | | | <p>Reach increased park mowing schedule goals.</p> |
| | | | <p>Raise wing fence to 8' at Field 5 at Kate Barr Ross Park.</p> |
| | | |  <p>Open the aquatic center complex.</p> |
| | | | <p>Provide recreational swim time at aquatic center.</p> |
| | | | <p>Provide swim instruction at aquatic center.</p> |
| | | | <p>Continue library catalog development.</p> |
| | | | <p>Continue library collection evaluation and development.</p> |
| | | | <p>Reach target of 2,100 volunteer hours of actual tutor/learner interface in library Literacy program.</p> |
| | | | <p>Redesign library space to better accommodate customer's needs and improve ambiance.</p> |
| | | | <p>Coordinate with volunteers for operation of Wynne Home Arts Center.</p> |
| | | | <p>Continue marketing plan to attract visitors to the Wynne Home Arts Center.</p> |
| | | Public Works Department |  <p>Construct remaining parking lots at Eastham-Thomason Park.</p> |

Establishing Our Long-term Goals and Short-term Objectives

Long Term Goals

FY 06-07 Objectives

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| <div><p>The City of Huntsville is a well-managed and well-planned community with "best in class" public services.</p></div> | Charter Offices |  | Complete and begin implementation of Comprehensive Plan. |
| | | | Build and train new management team. |
| | | | Begin implementation of performance based budgeting. |
| | | | Develop a contracts database for contracts and agreements. |
| | | | Begin recodification of Code of Ordinances. |
| | | | Assist in Revision of Development Code. |
| | Administrative Services |  | Continue to adjust employee/retiree benefit plan as required by the Government Accounting Standards Board (GASB) Statement 45. |
| | | | Draft and begin implementation of management succession plan. |
| | | | Continue efforts to improve strategies for recruiting and retaining a qualified workforce. |
| | | | Continue to monitor and manage employee health care costs. |
| | | | Reduce lost time workers compensation claims. |
| | | | Update the City Fleet Equipment Replacement Schedule. |
| | | | Continue to increase the number of annual contracts in procurement and warehousing. |
| | | | Establish discount contracts with local vendors to provide better pricing on low-dollar purchases. |
| | | | Implement a Vendor Management program to streamline bid notification process. |
| | | | Plan, prepare, and establish a preventative maintenance program for City fleet and generators. |
| | | | Reorganize the City warehouse's physical structure, inventory, and procedures to streamline operations. |
| | | | Install a fiber network in the Municipal Court and Service Center to replace a leased network. |
| | | | Improve City website navigation and functionality. |
| | Finance Department |  | Revise the City's Fiscal and Debt policies. |
| | | | Analyze grant reporting process and implement reporting module. |
| | | | Perform audit of cash receipting work flow and implement central revenue receipting and reporting. |
| | | | Obtain Government Finance Officers Association Distinguished Budget Award for 20th consecutive year. |
| | | | Obtain Government Finance Officers Association Excellence in Financial Reporting Certificate for 29th consecutive year. |
| | | | Improve speed and accuracy of utility payment processing by implementing new check scanning and automatic deposit system. |
| | | | Implement report writer to design and create reports from billing software, expanding our ability to gather and organize data. |
| | | | Increase contributions to Project HELP by allowing utility customers to request the donation be automatically billed. |
| | | | Explore alternative delivery methods of billing to institutional utility customers. |

Establishing Our Long-term Goals and Short-term Objectives

Long Term Goals

FY 06-07 Objectives



The City of Huntsville is a well-managed and well-planned community with "best in class" public services.



Public Utilities Department



- Research the effectiveness of filtering iron and manganese at Spring Creek Water Plant to reduce discolored water.
- Upgrade Palm Street Water Plant to improve water distribution.
- Continue aggressive water line cleaning program (pigging).
- Continue to pursue the City Council's directive concerning water supply, treatment capacity, and quality.
- Implement a plan to identify and repair areas that are a source of inflow and infiltration (I&I) in the wastewater system.
- Intensify camera crew work to discover problems within a wastewater service area and repair them.
- Purchase two portable flow meters to aid in locating and repairing I&I problems.
- Install generators for back-up power supply at lift stations.
- Rehabilitate sewer lines on Sycamore and 16th Street.
- Establish a more aggressive monthly cleaning program in problem wastewater service areas.
- Increase the percentage of preventative work orders performed at lift stations and wastewater plants.
- Create a registration program for construction and demolition debris collection.
- Continue solid waste minimization through composting, recycling, and other methods of waste reduction.
- Develop and implement a new heavy trash collection service to collect items such as appliances, furniture, and felled trees.
- Develop an additional recycling drop off site located at the new fire station.
- Continue program to identify potential new industrial wastewater users.
- Reevaluate local limits (wastewater discharge pollutant limitations for industrial wastewater users).
- Revise EPA approved Industrial Pretreatment Program.
- Complete renewal for Robinson Creek Plant's permits.










Public Works Department












- Continue to improve capital improvement project implementation, reporting, and completion.
- Create a paperless central inspection office.
- Reconstruct, install hot mix asphalt concrete overlays, or seal coat over 15 center line miles of streets.
- Begin development of new pavement maintenance schedule.
- Reconstruct headwall at 13th and 14th Street crossings of Town Creek.
- Reconstruct drainage structures on Bearkat Boulevard.
- Repair 48 diameter culvert on Bearkat Boulevard.
- Expand herbicide spraying program.
- Expand street sweeping service to more non-curb and gutter areas.

Measuring Our Effectiveness



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| Charter Offices  |  | Office of City Manager  | % of citizens satisfied with overall quality of life in Huntsville |
| | | | % of citizens satisfied with City's communication with citizens |
| | | | % of citizens satisfied with City's efforts to plan for the future |
| | | | % of citizens satisfied with City's efforts to encourage economic growth |
| | | | % of citizens satisfied with City's efforts to maintain a reasonable tax rate |
| | | | % of citizens satisfied with city employee's responsiveness |
| | | | % of citizens satisfied with the efficiency & economy of service |
| |  | Office of City Secretary  | % of citizens satisfied with City's communication with citizens |
| | | | % of citizens satisfied with City's efforts to provide an adequate forum for public input |
| | | | % of open records request processed within required time period |
| |  | Office of City Attorney  | % of City Council meeting minutes prepared on-time and error free |
| | | | % of open records request processed within required time period |
| | | | % of contracts and other documents processed within 30 days |
| |  | Office of City Judge  | % of opinion request processed within 30 days |
| | | | % of total cases appealed |

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| Administrative Services Department  |  | Human Resources  | % of eligible employees enrolled in benefit program |
| | | | % of new hires that successfully complete probation |
| | | | % of citizens satisfied with City's efforts to maintain qualified workforce |
| |  | Risk and Safety Management  | % of new assets reported to insurance carrier within 5 days of receipt in Risk Management office |
| | | | % of employees attending one or more safety training classes |
| | | | % of total employees filing worker's compensation claims |
| |  | Purchasing  | % increase in the number of annual contracts |
| | | | % of vendors placed in vendor management program |
| | | | % of purchase orders processed within 5 business days |
| |  | Fleet and Warehouse Administration  | # of preventative maintenance work orders completed |
| | | | average # of labor hours utilized per work order |
| | | | % of dollar variance in warehouse inventory |

Measuring Our Effectiveness



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| Administrative Services Department | | | Building Maintenance | | % of non-emergency service calls responded to within 3 days |
| | | | | | % of emergency service calls responded to within 24 hours |
| | | | Information Technology | | Average time to resolve help desk request based on priority |
| | | | | | % of up-time for critical city functions (email, voicemail, financials, police applications, etc.) |

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| Finance Department | | | Finance | | % of monthly financial reports released on-schedule |
| | | | | | GFOA's Distinguished Budget Presentation Award received |
| | | | | | GFOA's Excellence in Financial Reporting Certificate received |
| | | | | | Unqualified audit opinion received |
| | | | | | City of Huntsville's Bond Rating |
| | | | Municipal Court | | # of warrants served |
| | | | | | % of juvenile/minor cases requiring monitoring for community service and/or court ordered youth programs |
| | | | | | % of cases disposed/completed |
| | | | Utility Billing | | % of monthly bills posted to customer accounts on-time |
| | | | | | # of billing adjustments to correct meter reading and/or billing errors |
| | | | | | % of utility accounts with balances more than 30 days past due |
| | | | | | Uncollectible account charge-offs as a % of total dollars billed |

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| Public Utilities Department | | | Water Services | | Service complaints as a % of total customer accounts |
| | | | | | % of water taps completed within 14 days |
| | | | | | Ratio of repair work orders to preventative maintenance work orders at Water Plant |
| | | | | | % of Water Production Accountability |
| | | | | | % of citizens rating Water Services as good or excellent |
| | | | Wastewater Services | | Service complaints as a % of total customer accounts |
| | | | | | # of sanitary sewer overflows |
| | | | | | Ratio of repair work orders to preventative maintenance work orders |
| | | | | | % of citizens rating Wastewater Services as good or excellent |
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Measuring Our Effectiveness



















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| Public Utilities Department | | | Solid Waste Services | | Service complaints as a % of total customer accounts |
| | | | | | Ratio of tons of waste transferred to tons of waste recycled |
| | | | | | % of citizens rating Solid Waste Services as good or excellent |
| | | | Environmental Services | | % of Bacteriological Proficiency Tests performed with acceptable scores of 90% or better with no false negatives |
| | | | | | % of Discharge Monitoring Report Quality Assurance Proficiency Tests for Wastewater Analysis performed with acceptable scores of 90% or better |
| | | | | | Number of "Required Action" Result received from EPA and TCEQ laboratory and pretreatment program audits and inspections |

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| Public Works Department | | | Planning & Engineering | | % of plats reviewed within 10 days of submittal |
| | | | | | % of citizens satisfied with City's efforts to plan for the future |
| | | | | | % of capital improvement projects completed within budget |
| | | | | | % of capital improvement projects completed on-schedule |
| | | | Central Inspection | | % of inspections performed within 24 hours of request |
| | | | | | % of complaints investigated within 24 hours of receipt |
| | | | | | % of citizens rating Building Inspections Services as good or excellent |
| | | | | | % of citizens rating Code Enforcement Services as good or excellent |
| | | | Health Inspection | | % of complaints investigated within 24 hours of request |
| | | | | | % of total food establishments receiving a minimum of two inspections |
| | | | | | # of reinspections required as a % of total food establishments |
| | | | | | % of citizens rating Health Inspection Services as good or excellent |
| | | | Street Services/ Drainage | | % of annual line mile scheduled maintenance completed |
| | | | | | % of increase (decrease) in tons of hot mix used for street failure patches |
| | | | | | % of emergency calls responded to within 4 hours |
| | | | | | % of citizens rating Street Maintenance Services as good or excellent |
| | | | | | % of citizens rating Drainage Maintenance Services as good or excellent |

Measuring Our Effectiveness



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| Community Services Department |  | Parks Maintenance |  | % of parks maintenance completed on-schedule |
| | | | | % of time spent on special projects (non-maintenance related) |
| | | | | % of citizens rating parks maintenance services as good or excellent |
| |  | Recreation |  | % change in community recreation program participation |
| | | | | Average cost per participant in community recreation programs |
| | | | | % of citizens rating recreation services as good or excellent |
| |  | Aquatic Center |  | Average cost per participant per day in aquatic center activities |
| | | | | % of citizens rating aquatic services as good or excellent |
| |  | Library |  | Rate of collection turnover |
| | | | | % of collection less than 5 years old |
| | | | | Circulation per capita |
| | | | | % increase (decrease) in literacy program attendance |
| | | | | % increase (decrease) in children's program attendance |
| | | | | % of citizens rating library services as good or excellent |
| |  | Cultural Services |  | % increase (decrease) in visitors to Wynne Home |
| | | | | % increase (decrease) in attendance at arts/cultural events |
| | | | | % increase (decrease) in number of events/activities held |
| | | | | % increase (decrease) in number of community activities/rentals |
| |  | Main Street |  | % of occupancy in the downtown district |
| | | | | % of total downtown businesses participating in the business marketing association |
| | | | | % of increase (decrease) in participants in Main Street events/programs |
| | | | | % of citizens rating Main Street services as good or excellent |

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| Public Safety Department |  | Police Services |  | Average # officer initiated calls as a % of total calls |
| | | | | % of cases rejected by the District Attorney |
| | | | | % of citizens rating Police Services as good or excellent |
| | | | | % of citizens rating Animal Control Services as good or excellent |
| |  | Fire Services |  | # of buildings inspected as a % of total buildings |
| | | | | Average # of training hours received per firefighter |
| | | | | % of citizens rating Fire Services as good or excellent |

